

## MEMORANDUM

**TO:** Board of Directors, Massachusetts School Building Authority  
**FROM:** Maureen Valente, Chief Executive Officer and John K. McCarthy, Executive Director /  
Deputy CEO  
**DATE:** May 10, 2016  
**RE:** Sales Tax Update

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Attached, please find monthly tax collection statements and collection summary tables released by the Department of Revenue (“DOR”) for the months of March and April 2016 (preliminary).

The preliminary data provided by the DOR indicates that SMART collections for fiscal year 2016 through March totaled \$594.8 million, representing approximately 5.8% actual growth from fiscal year 2015 collections through the same period.

The Preliminary April tax collections report also indicates that sales tax collections, excluding meals, or the portion of the revenues dedicated to the MSBA grew by less than 1% over the prior April.

The Commonwealth’s fiscal year 2016 most recent revenue estimate from DOR for SMART collections is approximately \$814.8 million (updated from \$800.8 million). The updated fiscal year 2016 estimate would represent approximately \$50.7 million (6.6%) growth over fiscal year 2015 actual collections.

The Consensus Revenue Estimate of SMART collections for fiscal year 2017 is \$867.1 million.

Staff will continue to monitor SMART collections data and provide the Board with updates on fiscal year 2016 SMART collections, and any additional changes made by the Commonwealth to the fiscal year 2016 and fiscal year 2017 SMART collections estimates.



## MASSACHUSETTS DEPARTMENT OF REVENUE

Kevin Brown, Acting Commissioner

### For Immediate Release:

April 5, 2016

### Contact:

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## March Revenue Collections Total \$2.277 Billion

*Revenue collections are \$37 million above benchmark\* for the month*

**(Boston, MA)** - Acting Revenue Commissioner Kevin Brown today announced that preliminary revenue collections for March totaled \$2.277 billion, \$252 million or 12.4 percent more than the state took in last March.

“March revenues finished above benchmark, thanks to a particularly good month for business taxes,” said Acting Commissioner Brown. “DOR will continue to monitor revenues very closely as April has historically been the largest tax collection month of the year. We are cautiously optimistic that the strength in the Massachusetts economy will be reflected in the revenue numbers in the months to come.”

- March revenues were \$37 million above benchmark
- Year-to-date revenues now stand at \$86 million below benchmark.
- Corporate & business taxes were \$36 million above the monthly benchmark
- Income tax collections were \$2 million above the monthly benchmark
- Withholding (a subcategory of income tax) was \$4 million above the March benchmark
- Sales and use tax collections were \$0.2 million below the monthly benchmark

March is an important tax collection month. It represents the largest month of the year for corporate and business tax collections with payments for the prior tax year being due for most corporations, as well as the first quarter estimated payments for the current tax year. March is also generally the second largest month for income tax refunds.

Revenues were above benchmark for the month mostly due to a greater than anticipated increase in corporate and business revenues.

Nine months into the fiscal year, year-to-date revenues total \$17.855 billion, \$502 million or 2.9 percent more than last year at this time. Excluding the \$26.9 million in one-time tax

settlements received year-to-date, tax collections totaled \$17.828 billion, \$634 million or 3.7 percent above last year at this time and \$86 million below benchmark.

- Income tax collections were \$850 million, \$160 million or 23.2 percent above last March and \$2 million above the monthly benchmark.
- Withholding collections, a subcategory of income tax collections, totaled \$1.077 billion, up \$40 million or 3.8 percent from the same period last year and \$4 million above benchmark for the month.
- Income tax payments with returns or bills totaled \$86 million, \$6 million or 7.5 percent more than last March and \$8 million below the monthly benchmark.
- Income tax estimated payments totaled \$23 million, \$3 million or 16.2 percent more than last March and \$4 million above the March benchmark.
- Income tax cash refunds totaled \$336 million, \$111 million or 24.8 percent below last March and \$2 million below the monthly benchmark. The expected decrease in income tax cash refunds is mostly timing-related. There was a significant (but temporary) refund shift from February to March last year when DOR held refunds for further scrutiny in response to reports of increased refund fraud; such delays did not occur this year.
- Corporate and business tax collections totaled \$812 million, \$54 million or 7.1 percent above last March and \$36 million above the monthly benchmark.
- Sales tax collections totaled \$448 million for the month, \$34 million or 8.2 percent more than last March, and \$0.2 million below the March benchmark.
- Other tax collections totaled \$168 million, \$4 million or 2.5 percent more than last year and, \$1 million below benchmark for the month.

*\*For the purpose of this revenue release and going forward in Fiscal Year 2016 (FY16), the “benchmark” refers to the new benchmark, revised and released in **January 2016**.*

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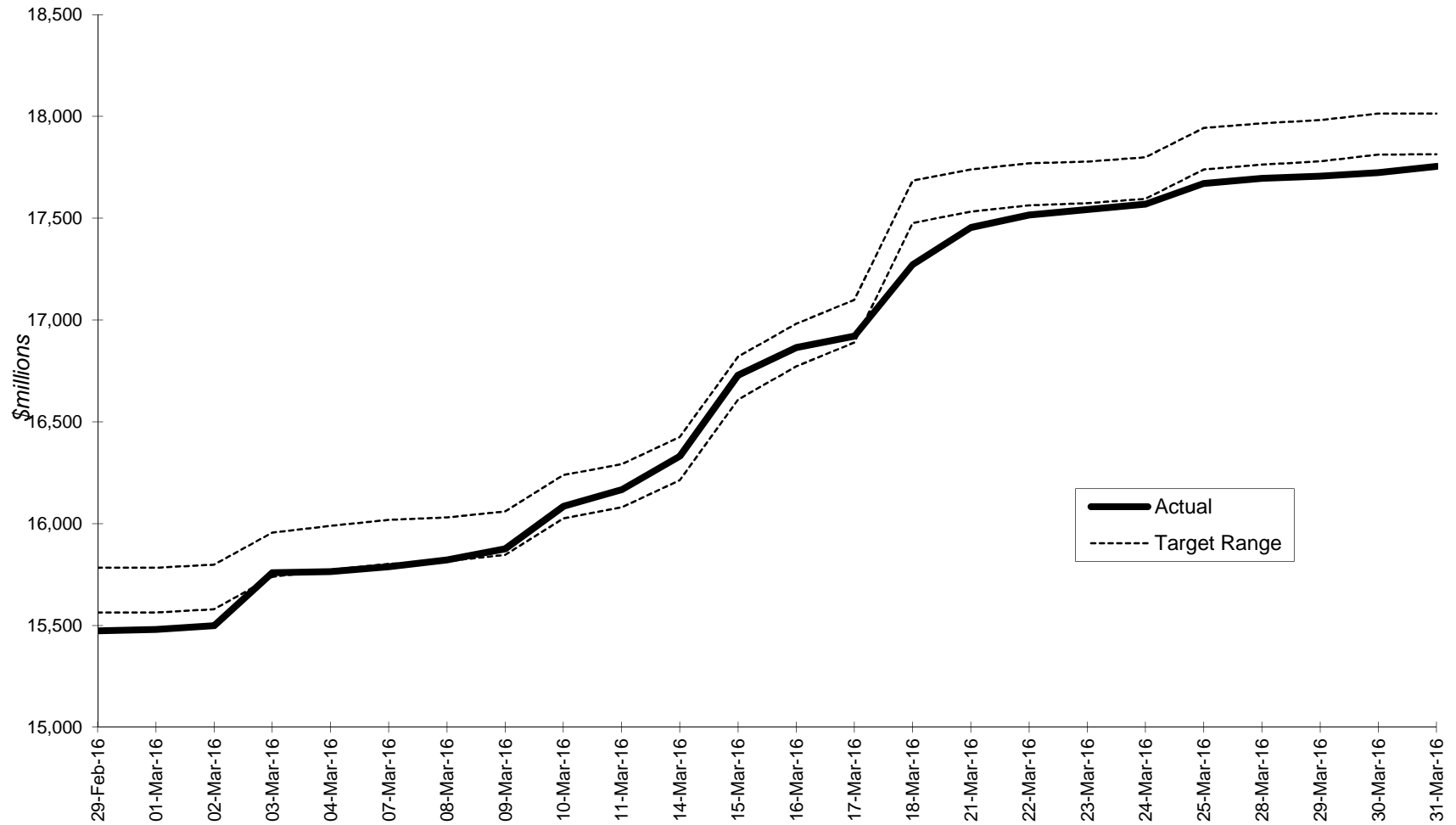
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**March 2016 Tax Collection Summary (in \$ millions)**  
**(Preliminary as of April 5, 2016)**

	----- Month of March -----					----- FY16 Year-to-Date -----				
	03/16 Collections	03/16 v. 03/15 \$ Change	03/16 v. 03/15 Actual % Change	03/16 v. 03/15 Baseline % Change	03/16 \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.751 Billion	03/16 FY16 YTD Collections	03/16 FY16 YTD \$ Change	03/16 FY16 YTD Actual % Change	03/16 FY16 YTD Baseline % Change	FY16 YTD \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.751 Billion
<b>Income - Total</b>	<b>850</b>	<b>160</b>	<b>23.2%</b>	<b>7.6%</b>	<b>2</b>	<b>9,827</b>	<b>202</b>	<b>2.1%</b>	<b>4.0%</b>	<b>(133)</b>
Income Withholding	1,077	40	3.8%	5.5%	4	8,700	281	3.3%	4.4%	(33)
Income Est. Payments (Cash)	23	3	16.2%	18.1%	4	1,752	25	1.5%	2.1%	(77)
Income Returns/Bills	86	6	7.5%	-10.9%	(8)	437	18	4.3%	11.4%	2
Income Refunds (Cash)	336	(111)	-24.8%	-0.2%	(2)	1,061	124	13.2%	7.2%	26
<b>Sales &amp; Use - Total</b>	<b>448</b>	<b>34</b>	<b>8.2%</b>	<b>6.7%</b>	<b>(0.2)</b>	<b>4,512</b>	<b>256</b>	<b>6.0%</b>	<b>6.1%</b>	<b>(22)</b>
Sales - Regular	299	23	8.3%	6.2%	1	3,102	148	5.0%	5.2%	(20)
Sales - Meals	76	9	14.1%	13.4%	4	795	53	7.1%	8.3%	6
Sales - Motor Vehicles	73	2	2.3%	2.6%	(5)	615	55	9.8%	8.4%	(8)
<b>Corporate &amp; Business - Total</b>	<b>812</b>	<b>54</b>	<b>7.1%</b>	<b>7.6%</b>	<b>36</b>	<b>1,825</b>	<b>96</b>	<b>5.6%</b>	<b>5.9%</b>	<b>52</b>
<b>All Other</b>	<b>168</b>	<b>4</b>	<b>2.5%</b>	<b>1.9%</b>	<b>(1)</b>	<b>1,664</b>	<b>80</b>	<b>5.0%</b>	<b>4.9%</b>	<b>16</b>
<b>Total Tax Collections</b>	<b>2,277</b>	<b>252</b>	<b>12.4%</b>	<b>7.0%</b>	<b>37</b>	<b>17,828</b>	<b>634</b>	<b>3.7%</b>	<b>4.8%</b>	<b>(86)</b>
<i>Tax-Related Settlements &amp; Judgments Exceeding \$10 Million Each</i> (NOT included in the March and YTD collections figures above. March and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).										
	<b>0.0</b>					<b>26.9</b>				
<b>Total Tax Collections</b> (Including tax-related settlements & judgments)	2,277	242	11.9%	6.4%		17,855	502	2.9%	4.0%	
<b>Corporate &amp; Business - Total</b> (Including tax-related settlements & judgments)	812	44	5.7%	6.2%		1,852	39	2.1%	2.4%	
<b>Income Returns/Bills</b> (Including tax-related settlements & judgments)	86	6	7.5%	-10.9%		437	(56)	-11.4%	-5.3%	

Note: Detail may not add to total due to rounding and other technical factors.

## FY2016 Year-to-Date Tax Revenue Through March, 2016



YTD target range is based on FY2016 tax revenue estimate of \$25,751 billion (includes \$986.3 million in MBTA transfer funds).



## MASSACHUSETTS DEPARTMENT OF REVENUE

Michael J. Heffernan, Commissioner

### For Immediate Release:

May 4, 2016

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## April Revenue Collections Total \$2.941 Billion

*Revenue collections are \$172 million below benchmark\* for the month*

**(Boston, MA)** - Revenue Commissioner Michael J. Heffernan today announced that preliminary revenue collections for April totaled \$2.941 billion, \$92 million or 3.0 percent less than the state took in last April.

"April revenues reflect lower returns on investments during 2015 resulting in below benchmark performance for payments with returns and increased refunds this month," said Commissioner Heffernan. "Our state economy remains healthy and strong with withholding collections showing continued growth in wages."

- April revenues were \$92 million less than last April's total.
- Revenue collections are \$172 million below benchmark for the month.
- Year-to-date revenues now stand at \$261 million below benchmark.
- Corporate & business taxes were \$28 million below the monthly benchmark.
- Income tax collections were \$141 million below the monthly benchmark.
- Withholding (a subcategory of income tax) was \$75 million above the April benchmark.
- Sales and use tax collections were \$24 million below the monthly benchmark.

April is a significant month due to collection of payments with tax returns and extensions, and first quarter estimated income tax payments. Revenues were \$172 million below benchmark for the month largely due to lower than anticipated income collections with returns and bills and lower than anticipated estimated payments. Additionally, corporate

and sales tax collections were less than expected and income tax refunds were greater than expected, contributing to the revenue gap.

With two months remaining in the current fiscal year, year-to-date revenues total \$20.793 billion, \$383 million or 1.9 percent more than last year at this time. Excluding the \$26.9 million in one-time tax settlements received year-to-date, tax collections totaled \$20.766 billion, \$540 million or 2.7 percent above last year at this time but \$261 million below the year-to-date benchmark.

Income tax collections were \$2.195 billion, \$103 million or 4.5 percent below last April and \$141 million below the monthly benchmark.

Withholding collections, a subcategory of income tax collections, totaled \$925 million, up \$53 million or 6.0 percent from the same period last year and \$75 million above benchmark for the month, some of this could be due to timing issues.

Income tax payments with returns or bills totaled \$1.361 billion, \$109 million or 7.4 percent less than last April and \$127 million below the monthly benchmark.

Income tax estimated payments totaled \$253 million, \$26 million or 9.3 percent less than last April and \$20 million below the April benchmark.

Income tax cash refunds totaled \$343 million, \$21 million or 6.4 percent more than last April and \$70 million above the monthly benchmark.

Corporate and business tax collections totaled \$61 million, \$24 million or 28.2 percent less than last April and \$28 million below the monthly benchmark, due to one-time refunds.

Sales tax collections totaled \$503 million for the month, \$7 million or 1.4 percent more than last April, and \$24 million below the April benchmark.

Other tax collections totaled \$182 million, \$28 million or 18.4 percent more than last year and \$21 million above benchmark for the month.

\*For the purpose of this revenue release and going forward in Fiscal Year 2016 (FY16), the “benchmark” refers to the new benchmark, revised and released in **January 2016**.

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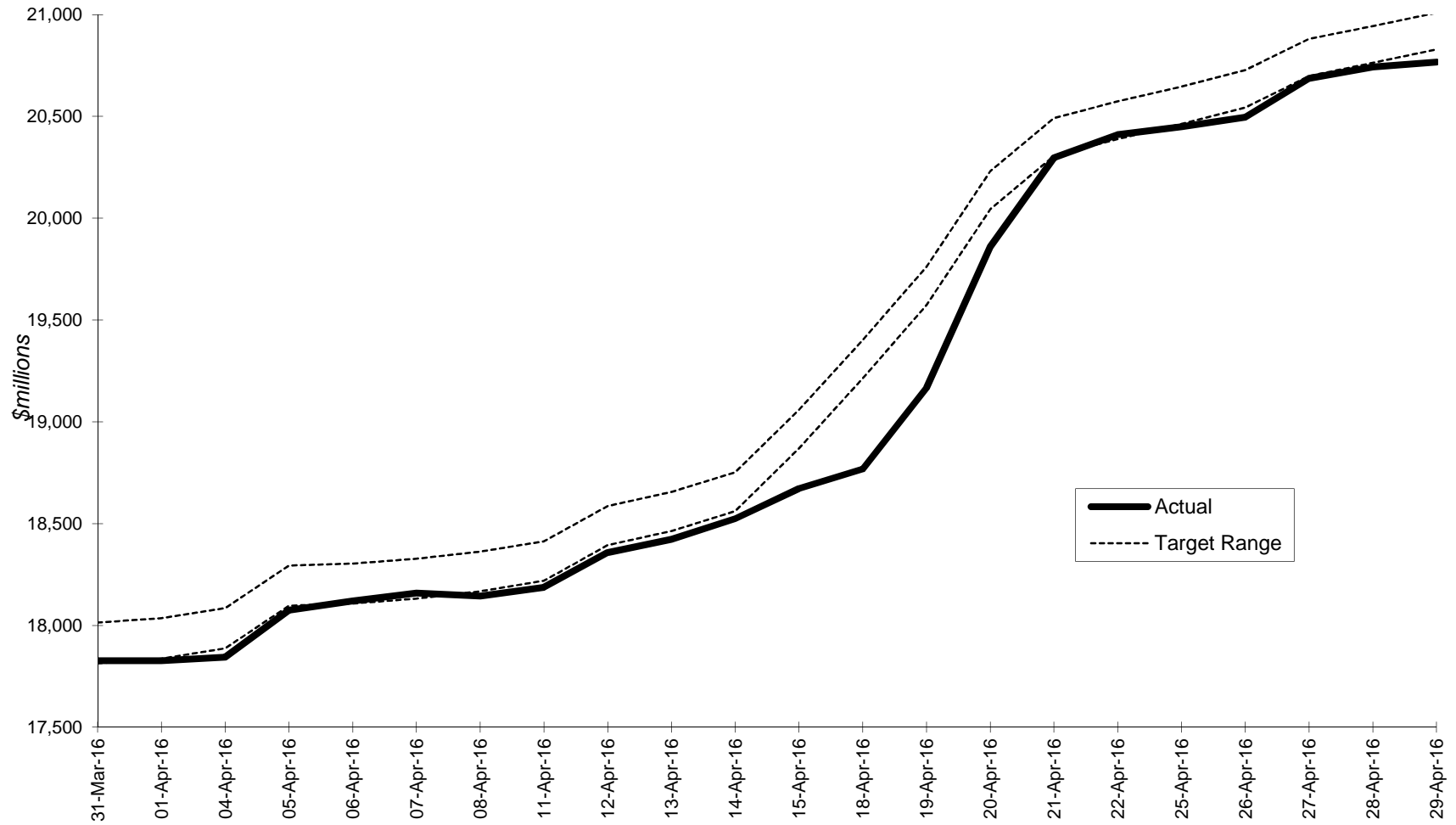
**April 2016 Tax Collection Summary (in \$ millions)**  
**(Preliminary as of May 4, 2016)**

	----- Month of April -----					----- FY16 Year-to-Date -----					FY16 Full Year Benchmark	
	04/16 Collections	04/16 v. 04/15 \$ Change	04/16 v. 04/15 Actual % Change	04/16 v. 04/15 Baseline % Change	04/16 \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.751 Billion	04/16 FY16 YTD Collections	04/16 FY16 YTD \$ Change	04/16 FY16 YTD Actual % Change	04/16 FY16 YTD Baseline % Change	FY16 YTD \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.751 Billion	FY16 Full Year Benchmark	\$ Needed to Reach FY16 Full Year Benchmark
<b>Income - Total</b>	<b>2,195</b>	<b>(103)</b>	<b>-4.5%</b>	<b>-6.7%</b>	<b>(141)</b>	<b>12,022</b>	<b>99</b>	<b>0.8%</b>	<b>1.9%</b>	<b>(274)</b>	<b>14,868</b>	<b>2,846</b>
Income Withholding	925	53	6.0%	9.1%	75	9,626	334	3.6%	4.8%	41	11,484	1,858
Income Est. Payments (Cash)	253	(26)	-9.3%	-7.2%	(20)	2,005	(1)	0.0%	0.8%	(97)	2,638	633
Income Returns/Bills	1,361	(109)	-7.4%	-9.7%	(127)	1,798	(91)	-4.8%	-5.0%	(125)	2,215	417
Income Refunds (Cash)	343	21	6.4%	22.0%	70	1,404	145	11.5%	11.0%	96	1,465	60
<b>Sales &amp; Use - Total</b>	<b>503</b>	<b>7</b>	<b>1.4%</b>	<b>2.0%</b>	<b>(24)</b>	<b>5,014</b>	<b>261</b>	<b>5.5%</b>	<b>5.7%</b>	<b>(46)</b>	<b>6,162</b>	<b>1,148</b>
Sales - Regular	351	11	3.2%	2.9%	(10)	3,452	158	4.8%	4.9%	(31)	4,226	774
Sales - Meals	84	4	4.4%	2.7%	(4)	878	56	6.8%	7.7%	2	1,070	191
Sales - Motor Vehicles	68	(8)	-10.0%	-3.0%	(10)	683	48	7.5%	7.0%	(18)	867	183
<b>Corporate &amp; Business - Total</b>	<b>61</b>	<b>(24)</b>	<b>-28.2%</b>	<b>-31.5%</b>	<b>(28)</b>	<b>1,886</b>	<b>72</b>	<b>4.0%</b>	<b>4.1%</b>	<b>25</b>	<b>2,484</b>	<b>598</b>
<b>All Other</b>	<b>182</b>	<b>28</b>	<b>18.4%</b>	<b>16.1%</b>	<b>21</b>	<b>1,844</b>	<b>107</b>	<b>6.1%</b>	<b>5.8%</b>	<b>35</b>	<b>2,237</b>	<b>393</b>
<b>Total Tax Collections</b>	<b>2,941</b>	<b>(92)</b>	<b>-3.0%</b>	<b>-4.8%</b>	<b>(172)</b>	<b>20,766</b>	<b>540</b>	<b>2.7%</b>	<b>3.4%</b>	<b>(261)</b>	<b>25,751</b>	<b>4,985</b>
<b>Tax-Related Settlements &amp; Judgments Exceeding \$10 Million Each</b> (NOT included in the April and YTD collections figures above. April and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each). FY16 budget assumes \$125 million from such settlements and judgments).												
	<b>0.0</b>					<b>26.9</b>						
<b>Total Tax Collections</b> (Including tax-related settlements & judgments)	2,941	(117)	-3.8%	-5.6%		20,793	383	1.9%	2.6%			
<b>Corporate &amp; Business - Total</b> (Including tax-related settlements & judgments)	61	(49)	-44.7%	-47.3%		1,913	(10)	-0.5%	-0.4%			
<b>Income Returns/Bills</b> (Including tax-related settlements & judgments)	1,361	(109)	-7.4%	-9.7%		1,798	(165)	-8.4%	-8.6%			

Note: Detail may not add to total due to rounding and other technical factors.



## FY2016 Year-to-Date Tax Revenue Through April, 2016



YTD target range is based on FY2016 tax revenue estimate of \$25,751 billion (includes \$986.3 million in MBTA transfer funds).