



MASSACHUSETTS DEPARTMENT OF REVENUE

Christopher C. Harding, Commissioner

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FY19 Preliminary Revenues Total \$29.693 Billion

*June 2019 revenue collections total \$3.184 billion, \$151 million above monthly benchmark;
FY2019 \$1.1 billion or 3.8% above annual benchmark; 6.9% increase over FY18 actual*

(Boston, MA) – Massachusetts Department of Revenue (DOR) Commissioner Christopher C. Harding today announced that preliminary revenue collections for June totaled \$3.184 billion, which is \$46 million or 1.5% more than the actual collections in June 2018 and \$151 million or 5.0% above the June benchmark.

For Fiscal Year 2019 that ended in June, revenue collections were \$29.693 billion, \$1.1 billion or 3.8% above benchmark*. This is an increase of \$1.916 billion or 6.9% over the actual amount collected in Fiscal Year 2018.

“Fiscal Year 2019 revenues exceeded the benchmark mainly because of non-withheld income, corporate taxes, and the ‘other taxes’ category,” said Commissioner Harding. “Non-withheld income tax was \$387 million over benchmark, driven in part by substantial revenue from taxes on capital gains. Corporate tax was \$566 million over benchmark. Corporate revenues are notably volatile on a year-to-year basis; as data becomes available, DOR is researching the drivers of the high FY19 figures. The “other” tax category contributed another \$89 million over benchmark for the year, mostly due to strong estate tax collections, which exceeded benchmark by \$151 million. Together, these three categories account for nearly 95% of the revenue over benchmark. Each of these categories is volatile on a year-to-year basis; in Fiscal 2019, the volatility was in a positive direction in all three categories.”

“Withholding grew by 3.7% over the prior year while sales and use taxes grew by 5.3%, reflecting steady labor market conditions and the related consumer spending on taxable

items. Because the benchmark anticipated economic growth, these two categories exceeded benchmark in total by \$58 million, a material amount but a modest 5% of the total \$1.1 billion over benchmark.”

Additionally, in a letter to the State Comptroller today, DOR certified that the preliminary total capital gains tax revenue collected in FY19 was \$2.06 billion, **generating a total FY19 transfer of approximately \$848 million to the Commonwealth Stabilization Fund**, which will be distributed as follows under Section 5G of Chapter 29 of the General Laws:

- 90% of the above transfer (~\$764 million) shall remain in the Stabilization Fund
- 5% of the above transfer (~\$42 million) shall then be transferred from the Stabilization Fund into the State Retiree Benefits Trust Fund
- 5% of the above transfer (~\$42 million) shall then be transferred from the Stabilization Fund into the Commonwealth's Pension Liability Fund

Based on the Period 3 certification letter issued by DOR on June 18, 2019, the Comptroller has already transferred \$636 million to the Commonwealth Stabilization Fund. Therefore, today’s certification letter requires an additional transfer of approximately \$212 million to the Stabilization Fund.

Highlights of June 2019 revenue:

- June 2019 revenues of \$3.184 billion were \$46 million or 1.5% more than June 2018, and \$151 million above benchmark.
- Income tax collections were \$127 million or 8.0% ahead of June 2018, and \$92 million above benchmark.
- Withholding collections (a subcategory of income tax) were \$53 million or 4.9% more than June 2018, and \$14 million above benchmark.
- Sales and use tax collections were \$17 million or 2.8% ahead of June 2018, but \$5 million below benchmark.
- Corporate and business taxes were \$69 million or 10.1% less than June 2018, but \$91 million above benchmark.
- Other taxes, which include motor fuels, cigarette, estate, and other categories, were

\$29 million or 11.1% below June 2018 and \$27 million below benchmark.

- For Fiscal Year 2019, revenues of \$29.693 billion were \$1.916 billion or 6.9% over Fiscal Year 2018, and \$1.1 billion or 3.8% above the full year benchmark.

June Revenue Collections

- Income tax collections for June were \$1.718 billion, \$92 million or 5.7% above benchmark, and \$127 million or 8.0% more than June 2018.
- Withholding collections for June totaled \$1.147 billion, \$14 million or 1.3% above benchmark, and \$53 million or 4.9% more than June 2018.
- Income tax estimated payments totaled \$542 million for June, \$4 million or 0.8% above benchmark, and \$2 million or 0.3% above June 2018.
- Income tax returns and bills totaled \$65 million for June, \$10 million or 17.7% more than benchmark and \$9 million or 15.8% above June 2018.
- Income tax refunds in June totaled \$37 million in outflows, \$64 million less than benchmark and \$63 million less than June 2018. As a result of more efficient processing of returns and refunds, some refunds from May and June were accelerated into April this year.
- Sales and use tax collections for June totaled \$618 million, which is \$5 million or 0.7% less than benchmark, and \$17 million or 2.8% more than June 2018.
- Corporate and business tax collections for the month totaled \$613 million, \$91 million or 17.3% above benchmark and \$69 million less than June 2018.
- Other tax collections for June totaled \$236 million, \$27 million or 10.3% less than benchmark and \$29 million or 11.1% less than June 2018.

Fiscal Year 2019 Revenue Collections

- Income tax collections of \$17.099 billion were \$367 million or 2.2% above benchmark, and \$860 million or 5.3% more than Fiscal Year 2018.
 - Withholding collections totaled \$13.208 billion, \$20 million or 0.2% below benchmark, and \$477 million or 3.7% more than Fiscal Year 2018.
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- Income tax payments with returns and bills totaled \$3.087 billion, \$922 million or 42.6% above benchmark and \$941 million or 43.8% more than Fiscal Year 2018.
- Estimated payments of \$2.467 billion were \$656 million or 21.0% below benchmark and \$673 million or 21.4% less than Fiscal Year 2018.
- Income tax refunds were \$1.664 billion, \$120 million or 6.7% below benchmark (favorable), and \$115 million or 6.5% less than Fiscal Year 2018.
- Sales and use tax collections of \$6.798 billion were \$78 million or 1.2% above benchmark and \$344 million or 5.3% more than Fiscal Year 2018.
- Breaking down sales and use tax collections for fiscal year 2019: Regular Sales were \$4.688 billion, \$53 million or 1.2% above benchmark. Meals collections were \$1.216 billion, \$9 million or 0.7% above benchmark. Motor vehicles collections were \$894 million, \$16 million or 1.8% above benchmark.
- Corporate and business tax collections totaled \$3.308 billion, \$566 million or 20.6% above benchmark, and \$547 million or 19.8% more than Fiscal Year 2018.
- Other taxes are \$2.487 billion, \$89 million or 3.7% above benchmark and \$166 million or 7.1% more than Fiscal Year 2018.

* On December 31, 2018, as part of the fiscal year 2020 Consensus Revenue process, Administration and Finance Secretary Michael J. Heffernan revised the Fiscal Year 2019 state tax revenue estimate upward by \$200 million, from \$28.392 billion to \$28.592 billion.

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