



NAVJEET K. BAL
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
Boston, MA 02114-9550

April 21, 2011

The Honorable Brian S. Dempsey, Chair
House Committee on Ways and Means
State House
Room 243
Boston, MA 02133

The Honorable Viriato Manuel deMacedo, Representative
House Committee on Ways and Means
State House
Room 124
Boston, MA 02133

The Honorable Stephen M. Brewer, Chair
Senate Committee on Ways and Means
State House
Room 212
Boston, MA 02133

The Honorable Michael R. Knapik, Senator
Senate Committee on Ways and Means
State House
Room 419
Boston, MA 02133

Honorable Chairmen and Ranking Minority Members of the Ways and Means Committees:

Pursuant to chapter 196 of the Acts of 2009, the Department of Revenue hereby submits its mid-month tax revenue report for the month of April 2011. The attached table shows April 2011 month-to-date and FY2011 year-to-date tax revenue collections through April 15, 2011, along with the dollar and percentage changes from the same collection period in April 2010. Also shown are the percentage growth amounts for the full month of April 2011 and for FY2011 year-to-date through the end of April 2011 that were assumed in the benchmarks corresponding to the January 18, 2011 FY2011 tax revenue estimate of \$19.784 billion, which was an upward revision from the GAA (adjusted for the impacts of the economic development bill and the sales tax holidays in August 2010) FY2011 tax revenue estimate of \$19.078 billion. Please note that the \$19.784 billion estimate and the April 2011 month-to-date and year-to-date budgetary fund collection totals do not include increased cigarette tax collections resulting from the July 2008 increase in the cigarette tax rate, which are dedicated to the Commonwealth Care Trust Fund, a non-

budgetary fund. However, the increase in cigarette tax collections resulting from the higher cigarette tax rate is shown in a separate line at the bottom of the table.

The April 2011 benchmark (based on the \$19.784 billion estimate) projects total tax revenues of \$1.919 billion, an increase of \$171 million from April 2010. The expected growth is mostly due to timing related revenue shifts (i.e., because of filing deadline extension due to flood last year, some revenues shifted from April to May, but such shift will not repeat this year), which are offset by various tax law changes and some other timing related factors (i.e., last day of April falls on a weekend this year, but it fell on a weekday last April, so last monthly/quarterly withholding payment will shift from April to May this year; the fact that we have one less deposit day this April vs. last April, which will reduce the revenues this month).

Through April 15, 2011, April 2011 month-to-date tax collections totaled \$702 million, up \$107 million from the same period in April 2010. The month-to-date increase through April 15th was primarily the result of growth in income (withholding, estimated payments, and payments with returns and extensions), sales, and corporate/business taxes, which were partly offset by increases in income tax refunds. Because sixty to seventy five percent of April tax revenue is typically received in the second half of the month, month-to-date revenue receipts through April 15th are not a reliable indicator of full month collections.

Month-to-date withholding taxes through April 15, 2011 totaled \$398 million, up \$50 million from the same period in April 2010, compared to the benchmark estimate that projects a withholding decline of \$21 million for the full month. Since April benchmarks assume that a withholding decline would occur on the last deposit day of the month this year, we will not know how withholding will perform relative to benchmark until that day.

Month-to-date income tax cash estimated payments through April 15, 2011 totaled \$85 million, up \$34 million from the same period in April 2010, with the full month benchmark projecting an increase of \$6 million. About two-thirds to three-quarters of income tax estimated payments are typically received in the second half of the month, so month-to-date collections are not necessarily a good indicator of full month collections.

Month-to-date income tax payments with returns and extensions through April 15, 2011 totaled \$219 million, up \$12 million from the same period in April 2010, compared with the full month benchmark that projects an increase of \$154 million for the full month. As of April 15th, a small proportion of the full month's payments with returns and extensions had been received, so collections as of that date are not a good indicator of payments for the month as a whole.

Month-to-date income tax cash refunds through April 15, 2011 totaled \$185 million, up \$23 million from the same period in April 2010, with the full month benchmark assuming an increase of \$18 million. Some of the month-to-date increase in income tax refunds might be due to timing related factors. How the refunds will perform this month relative to benchmark will not be known until after the month. Sometime during the second or third week of May, we will have a better sense of refunds' filing season performance relative to benchmark (In May, we will have a chance to see how many refunds and payments are actually received during this filing season and what the average refund and average payment turn out to be).

April is a relatively small month for corporate and business tax payments, although it does include payments from most large retail businesses. Through April 15, 2011 month-to-date corporate and business tax collections totaled \$70 million, up \$13 million from the same period in April 2010, compared to a \$52 million increase assumed in the monthly benchmark.

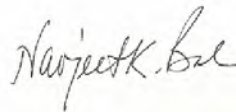
April 15th was too early in the month for sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until April 20th. The full month benchmark assumes a decline of \$2 million in sales tax collections from April 2010, mostly due to the fact that we have one less deposit day this year than last year, and the elimination of sales tax on alcoholic beverages. Therefore, month-to-date growth comparisons for the sales tax are not indicative of final collections for the full month.

Finally, there may be differences in the due dates for certain tax payments from one fiscal year to the next (e.g., in withholding payments or the timing of refund cycles) which complicate month-to-date comparisons to the prior year.

As a result of the factors noted above, revenues received through April 15th as reported in the attached table may not be indicative of what the final results for the full month will be. Specifically, they do not necessarily represent one-half of the revenues to be received in the full month and the month-to-date growth rates compared to April 2010 could change significantly by the end of this month. Any variances from the monthly benchmark at this point in the month should not be relied on as an indicator of what total final revenues for the month will be, compared to the full month benchmarks.

If you have any questions concerning this report, please contact me (at 626-2201) or Kazim P. Ozyurt, Acting Director of the Office of Tax Policy Analysis (at 626-2100).

Sincerely,



Navjeet K. Bal
Commissioner

Attachment

Cc: Jay Gonzalez, Secretary of Administration and Finance
Representative Robert A. DeLeo, House Speaker
Senator Therese Murray, Senate President
Representative Jay R. Kaufman, House Chair, Joint Committee on Revenue
Senator Gale D. Candaras, Senate Chair, Joint Committee on Revenue
Representative Bradley H. Jones, Jr., House Minority Leader
Senator Bruce Tarr, Senate Minority Leader

Mid-Month Tax Collection Report for April 2011 (in \$ Millions)

Tax Collections as of April 15, 2011, Compared to Same Collection Period in FY2010 and to the FY2011 Tax Revenue Estimate of \$19.784 Billion

	----- Month of April -----						----- FY11 Year-to-Date -----					
	04/11 MTD Collections	04/11 MTD v. 04/10 MTD \$ Change	04/11 MTD v. 04/10 MTD % Change	04/11 Full Month Benchmark (*)	% Growth from 04/10 Assumed in Monthly Benchmark	\$ Needed to Reach 04/11 Full Month Benchmark (*)	04/11 FY11 YTD Collections	04/11 FY11 YTD \$ Change	04/11 FY11 YTD % Change	FY11 YTD Benchmark (**)**	% Growth from 04/10 Assumed in FY11 YTD Benchmark	\$ Needed to Reach FY11 YTD Benchmark (**)**
Income - Total	516	73	16.6%	1,251	10.6%	736	8,245	830	11.2%	8,920	10.1%	675
Income Withholding	398	50	14.5%	702	(3.0%)	304	7,528	476	6.8%	7,805	5.1%	276
Income Est. Payments (Cash)	85	34	67.1%	160	3.6%	76	1,305	276	26.8%	1,361	20.0%	56
Income Returns/Bills	219	12	5.7%	698	28.4%	479	561	29	5.4%	1,015	16.9%	454
Income Refunds (Cash)	185	23	14.3%	308	6.3%	123	1,144	(62)	(5.2%)	1,263	(5.3%)	120
Sales & Use - Total	73	10	16.2%	411	(0.6%)	338	3,748	308	9.0%	4,083	7.7%	335
Sales - Regular	38	8	26.5%	293	(1.0%)	255	2,658	218	8.9%	2,911	7.5%	252
Sales - Meals	9	0	5.7%	63	(0.9%)	54	615	51	9.0%	672	8.5%	56
Sales - Motor Vehicles	26	2	7.0%	55	2.4%	30	474	39	9.0%	500	7.6%	26
Corporate & Business - Total	70	13	21.8%	126	69.8%	56	1,714	71	4.3%	1,710	3.0%	(5)
Corporate Excise	74	21	39.3%	80	24.6%	6	1,562	329	26.7%	1,423	14.4%	(139)
Insurance Excise	(6)	(5)	N/A	(1)	N/A	6	206	(1)	(0.3%)	215	3.9%	9
Financial Institutions Excise	2	(3)	(58.7%)	47	336.3%	45	(42)	(247)	N/A	84	(60.1%)	126
Public Utilities Excise	(0)	(0)	N/A	0	0.0%	0	(12)	(10)	N/A	(13)	417.6%	(1)
All Other	43	11	35.6%	130	0.8%	87	1,348	67	5.2%	1,415	2.7%	67
Total Tax Collections	702	107	18.1%	1,919	9.8%	1,217	15,056	1,276	9.3%	16,128	8.0%	1,072

Memo: Cigarette Tax Increase for Commonwealth Care Trust Fund (Not in Estimate or Benchmarks)

	5	0	0.2%	11	(2.0%)	5	98	8	8.3%	103	7.6%	5
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(*) Benchmarks are based on the FY11 tax revenue estimate of \$19.784 billion

(**) Year-to-date benchmarks are year-to-date full month benchmark totals (i.e., July through April full month totals)

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