



AMY PITTER
COMMISSIONER

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

April 19, 2012

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 2008, the Department of Revenue hereby submits its mid-month tax collection report for April 2012. The attached table shows April 2012 month-to-date and FY2012 year-to-date tax revenue collections through April 16, 2012, along with the dollar and percentage changes from the same collection period in April 2011. Also shown are the percentage growth amounts for the full month of April 2012 and for FY2012 year-to-date through the end of April 2012 that were assumed in the benchmarks corresponding to the FY2012 tax revenue estimate of \$21.010 billion, which was revised by

the Executive Office for Administration and Finance on October 17, 2011 and kept unchanged after the consensus revenue hearing held on December 12, 2011.

The April 2012 benchmark (based on the \$20.010 billion estimate) projects total tax revenues of \$2.601 billion, an increase of \$96 million from April 2011. The expected growth is partly due to timing related revenue shifts (e.g., last day of April falls on a weekday this year, but it fell on a weekend last April, so last monthly/quarterly withholding payment will shift from May to April this year). There are several tax law changes and other factors that are assumed to affect revenue collections such as incremental impact from the cut in the corporate and financial institutions tax rates (-\$1.1 million), the incremental impact from refundable dairy farm tax credit (-\$1.9 million); enhanced tax enforcements (+\$5.4 million), and a timing related revenue shifts. Income tax rate reduction (5.3% to 5.25%), which went into effect on 1/1/2012, is also assumed to affect collections this month (-\$10.1 million).

Through April 16, 2012, April 2012 month-to-date tax collections totaled \$721 million, up \$27 million from the same period in April 2011. The month-to-date increase through April 16th was primarily the result of growth in income tax withholding and income tax payments with returns and extensions, which were partly offset by a decline in corporate/business taxes. 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 16th are not a reliable indicator of full month collections.

Month-to-date withholding taxes through April 16, 2012 totaled \$427 million, up \$29 million from the same period in April 2011, compared to the withholding benchmark estimate that projects an increase of \$86 million for the full month. Since April benchmarks assume that withholding growth would mostly 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 16, 2012 totaled \$73 million, down \$11 million from the same period in April 2011, with the full month benchmark projecting a decrease of \$1.5 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 16, 2012 totaled \$241 million, up \$22 million from the same period in April 2011, compared with the full month benchmark that projects a decrease of \$1.2 million for the full month. As of April 16th, 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 16, 2012 totaled \$176 million, down \$10 million from the same period in April 2011, with the full month benchmark assuming an increase of \$9.5 million. Some of the month-to-date decline 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 16, 2012 month-to-date corporate and business tax collections totaled \$43 million, down \$26 million from the same period in April 2011, compared to an \$8 million increase assumed in the monthly benchmark.

April 16th 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. 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 16th 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 2011 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 either me (at 626-2201) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (at 626-2100).

Sincerely,

A handwritten signature in black ink that reads "Amy A. Pitter". The signature is written in a cursive, flowing style.

Amy Pitter
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 Katherine Clark, Senate Chair, Joint Committee on Revenue
Representative Bradley H. Jones, Jr., House Minority Leader
Senator Bruce Tarr, Senate Minority Leader
Steven Grossman, Treasurer and Receiver General

Mid-Month Tax Collection Report for April 2012 (in \$ Millions)

Tax Collections as of April 16, 2012, Compared to Same Collection Period in FY2011 and to the FY2012 Tax Revenue Estimate of \$21.010 Billion

	----- Month of April -----						----- FY12 Year-to-Date -----					
	04/12 MTD Collections	04/12 MTD v. 04/11 MTD \$ Change	04/12 MTD v. 04/11 MTD % Change	04/12 Full Month Benchmark (*)	% Growth from 04/11 Assumed in Monthly Benchmark	\$ Needed to Reach 04/12 Full Month Benchmark (*)	04/12 FY12 YTD Collections	04/12 FY12 YTD \$ Change	04/12 FY12 YTD % Change	FY12 YTD Benchmark (**)	% Growth from 04/11 Assumed in FY12 YTD Benchmark	\$ Needed to Reach FY12 YTD Benchmark (**)
Income - Total	564	49	9.5%	1,947	3.9%	1,384	8,564	320	3.9%	10,115	5.3%	1,551
Income Withholding	427	29	7.2%	889	10.7%	463	7,817	289	3.8%	8,354	5.3%	537
Income Est. Payments (Cash)	73	(11)	(13.3%)	216	(0.7%)	142	1,277	(28)	(2.1%)	1,492	3.7%	214
Income Returns/Bills	241	22	9.9%	1,175	(0.1%)	934	626	65	11.6%	1,569	3.3%	943
Income Refunds (Cash)	176	(10)	(5.1%)	332	3.0%	155	1,154	10	0.9%	1,294	1.1%	140
Sales & Use - Total	67	(6)	(8.5%)	423	4.0%	356	3,837	88	2.3%	4,141	1.4%	304
Sales - Regular	31	(8)	(19.6%)	299	3.9%	268	2,675	16	0.6%	2,923	0.5%	248
Sales - Meals	9	0	1.1%	67	3.8%	58	657	41	6.7%	697	3.8%	40
Sales - Motor Vehicles	27	1	4.6%	57	5.2%	30	505	31	6.6%	521	3.6%	15
Corporate & Business - Total	43	(26)	(37.6%)	101	9.1%	58	1,642	(72)	(4.2%)	1,696	(2.4%)	54
Corporate Excise	38	(35)	(48.0%)	94	(4.4%)	56	1,374	(187)	(12.0%)	1,488	(6.2%)	114
Insurance Excise	(2)	4	N/A	(6)	N/A	(4)	237	31	14.9%	223	8.0%	(14)
Financial Institutions Excise	7	5	253.7%	6	619.6%	(1)	62	104	N/A	(15)	(64.5%)	(77)
Public Utilities Excise	(0)	0	N/A	7	N/A	7	(32)	(19)	N/A	(0)	(96.5%)	31
All Other	47	11	29.8%	130	(1.7%)	83	1,375	34	2.5%	1,434	(0.2%)	59
Total Tax Collections	721	27	3.9%	2,601	3.8%	1,880	15,418	370	2.5%	17,386	3.1%	1,968

(*) Benchmarks are based on the FY12 tax revenue estimate of \$21.010 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.