



AMY PITTER  
COMMISSIONER

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

April 18, 2014

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 Richard J. Ross, Senator  
Senate Committee on Ways and Means  
State House  
Room 520  
Boston, MA 02133

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

Pursuant to Section 6 of Chapter 14 of the General Laws<sup>1</sup>, the Department of Revenue hereby submits its mid-month tax revenue report for the month of April 2014. The attached table shows April 2014 month-to-date and FY2014 year-to-date tax revenue collections through April 15, 2014, along with the dollar and percentage changes from the same collection period in April 2013. Also shown are the percentage growth amounts for the full month of April 2014 and for FY2014 year-to-date through the end of April 2014 that were assumed in the benchmarks corresponding to the revised FY2014 tax revenue estimate of \$23.2 billion, which was released by the Executive Office for Administration and Finance on January 14, 2014.

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<sup>1</sup> <http://www.malegislature.gov/Laws/GeneralLaws/PartI/TitleII/Chapter14/Section6>

April has historically been the largest tax collection month of the year, as payments with income tax returns and extensions for the prior tax year are due on April 15<sup>th</sup>, as are the first estimated quarterly income tax payments for the current tax year. The April monthly benchmark corresponding to the FY2014 tax revenue estimate of \$23.2 billion totals \$2.843 billion, a decline of \$23 million, or 0.8% actual and 1.0% baseline from April 2013. The recent tax law changes (sales factor sourcing of services and designation of utilities as corporations) are expected to increase corporate and business collections by about \$5.6 million combined this April. The recent changes in tobacco tax rates, the 3 cents increase in gasoline/special fuels tax rate, and the part B personal income tax rate reduction, etc., are expected to have a net impact of about -\$10 million on the April revenue collections.

Through April 15, 2014 month-to-date tax collections total \$913 million, up \$180 million compared with the same period last year, with the full month benchmark projecting a decline of \$23 million from last April's total tax collections. Most of the month-to-date increase is due to the strong income payments with returns and extensions (up \$99 million month-to-date) on April 15, 2014, which came in a deposit day earlier than they did last April (last year, income tax returns were due on Tuesday, April 16<sup>th</sup> because Patriots Day holiday fell on Monday, April 15<sup>th</sup>). In addition to this timing dynamic, the Department of Revenue recently extended the deadline for taxpayers to file their state personal income tax returns to midnight Friday, April 18<sup>th</sup>. This may have had an impact on collections that would have been otherwise received on April 15<sup>th</sup>, and therefore reported in this mid-month tax revenue report. Just over \$10 million of the month-to-date increase in collections was due to a one-time settlement-related payment.

Month-to-date income tax collections through April 15, 2014 totaled \$704 million, up \$124 million, or 21.3% from the same period in April 2013, mostly due to the fact that the original April 2014 filing date was a day earlier than last year's. Month-to-date withholding totals \$403 million, up \$6 million from the same period in April 2013, with the full month benchmark calling for an increase of \$34 million.

Month-to-date income tax payments with returns and extensions total \$409 million, up \$99 million from the same period last year, with the full month benchmark projecting a decline of \$99 million. Most of the month-to-date increase was because the due date for filing income tax returns was a deposit day earlier than last April; so it was probably timing-related, and borrowed from the remainder deposit day collections in this month.

Month-to-date income tax estimated payments total \$94 million, up \$19 million from the same period last year, with the full month benchmark projecting a decline of \$10 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 cash refunds total \$202 million, up \$0.2 million (0.1%) from the same period in April 2013, with the full month benchmark projecting a growth of \$4 million.

Through April 15, 2014, corporate and business tax collections totaled \$77 million, up \$21 million from the same period in April 2013, with the full month benchmark projecting an increase of \$10 million. April is a relatively small month for corporate and business excise collections, although the first tax year 2014 quarterly estimated payment is due from most large retailers.

April sales tax is projected to total \$475 million, an increase of \$30 million, or 6.6% actual and 5.7% baseline from April 2013. April 15<sup>th</sup> 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 21<sup>st</sup> (Usual due date (20<sup>th</sup>) for remitting sales and use tax returns falls on a Sunday this year, so those returns will mostly come in on Monday, April 21<sup>st</sup>). Through April 15<sup>th</sup>, month-to-date sales tax collections

totaled \$81 million, up \$13 million from the same period last April. Monthly motor fuels and rooms tax payments are also due on April 21<sup>st</sup>.

As already touch upon earlier in this report, 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 these factors, revenues received through April 15<sup>th</sup> 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 2013 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,



Amy Pitter  
Commissioner

Attachment

Cc: Glen Shor, 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 Michael J. Rodrigues, 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 2014 (in \$ Millions)

Tax Collections as of April 15, 2014, Compared to Same Collection Period in FY2013 and to the FY2014 Tax Revenue Estimate of \$23.2 Billion

	----- Month of April -----						----- FY14 Year-to-Date -----					
	04/14 MTD Collections	04/14 MTD v. 04/13 MTD \$ Change	04/14 MTD v. 04/13 MTD % Change	04/14 Full Month Benchmark (*)	% Growth from 04/13 Assumed in Monthly Benchmark	\$ Needed to Reach 04/14 Full Month Benchmark (*)	04/14 FY14 YTD Collections	04/14 FY14 YTD \$ Change	04/14 FY14 YTD % Change	FY14 YTD Benchmark (**)(**)	% Growth from 04/13 Assumed in FY14 YTD Benchmark	\$ Needed to Reach FY14 YTD Benchmark (**)(**)
<b>Income - Total</b>	<b>704</b>	<b>124</b>	<b>21.3%</b>	<b>2,135</b>	<b>(3.6%)</b>	<b>1,432</b>	<b>9,714</b>	<b>684</b>	<b>7.6%</b>	<b>11,019</b>	<b>3.3%</b>	<b>1,306</b>
Income Withholding	403	6	1.4%	828	4.2%	425	8,424	432	5.4%	8,729	4.0%	305
Income Est. Payments (Cash)	94	19	24.9%	240	(4.2%)	146	1,587	119	8.1%	1,715	4.3%	127
Income Returns/Bills	409	99	32.0%	1,423	(6.5%)	1,013	905	211	30.3%	1,888	(1.0%)	982
Income Refunds (Cash)	202	0	0.1%	354	1.2%	152	1,202	72	6.4%	1,310	2.5%	108
<b>Sales &amp; Use - Total</b>	<b>81</b>	<b>13</b>	<b>18.9%</b>	<b>475</b>	<b>6.6%</b>	<b>394</b>	<b>4,148</b>	<b>253</b>	<b>6.5%</b>	<b>4,551</b>	<b>6.5%</b>	<b>403</b>
Sales - Regular	38	9	30.2%	328	6.4%	289	2,866	160	5.9%	3,163	6.0%	297
Sales - Meals	8	(0)	(0.9%)	78	5.0%	70	713	33	4.9%	786	5.4%	73
Sales - Motor Vehicles	34	4	13.4%	69	9.7%	35	569	60	11.7%	602	11.1%	33
<b>Corporate &amp; Business - Total</b>	<b>77</b>	<b>21</b>	<b>36.9%</b>	<b>79</b>	<b>14.4%</b>	<b>2</b>	<b>1,984</b>	<b>277</b>	<b>16.2%</b>	<b>1,841</b>	<b>7.0%</b>	<b>(144)</b>
<b>All Other</b>	<b>51</b>	<b>23</b>	<b>79.6%</b>	<b>153</b>	<b>13.2%</b>	<b>102</b>	<b>1,549</b>	<b>169</b>	<b>12.3%</b>	<b>1,686</b>	<b>13.4%</b>	<b>137</b>
<b>Total Tax Collections</b>	<b>913</b>	<b>180</b>	<b>24.6%</b>	<b>2,843</b>	<b>(0.8%)</b>	<b>1,930</b>	<b>17,395</b>	<b>1,384</b>	<b>8.6%</b>	<b>19,098</b>	<b>5.3%</b>	<b>1,702</b>

(\*) Benchmarks are based on the FY14 tax revenue estimate of \$23.2 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.