

AMY PITTER
COMMISSIONER

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

August 20, 2013

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 Section 6 of Chapter 14 of the General Laws¹, the Department of Revenue hereby submits its mid-month tax revenue report for the month of August 2013. The attached table shows August 2013 month-to-date and FY2014 year-to-date tax revenue collections through August 15, 2013, along with the dollar and percentage changes from the same collection period in August 2012. Also shown are the percentage growth amounts for the full month of August 2013 and for FY2014 year-to-date through the end of August 2013 that were assumed in the benchmarks corresponding to the FY2014 tax revenue estimate of \$22.797 billion. (The \$22.797 billion estimate reflects the FY2014 consensus tax estimate of \$22.334 billion adjusted for the impact of subsequent changes affecting revenues: Amazon tax agreement,

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

delayed FAS109 deductions, tax enhancements/administrative and technical changes, tax law changes in the transportation finance legislation, and sales tax holiday.)

August is another small tax collection month, as no quarterly payments are due for most income and corporate taxpayers. The August 2013 benchmark corresponding to the FY2014 tax revenue estimate of \$22.797 billion totals \$1.479 billion, \$57 million, or 4% higher than August 2012, and an increase of 4.2% baseline. Although August is the second month in FY14, it will be the first one to incorporate the tax-related items included in the transportation finance legislation that became law in July. Namely, the tax on cigarette inventories resulting from cigarette tax rate increase will be remitted on or around August 20th, with a projected total of \$18 million. By statute, 22.16% of the total (about \$4 million) is expected to go to the Commonwealth Care Trust Fund, and the remainder (\$14 million), which is considered a budgetary revenue source (built into the benchmark), will go to the General Fund. The expected revenues resulting from most other new provisions (i.e., gas/special fuels tax increase, sales tax on computer/software-related services, etc.) will begin to come in September. The corporate/business tax related tax provisions are not effective until January 1, 2014.

Through August 15, 2013, month-to-date tax collections total \$619 million, up \$67 million, or 12.2% from the same period last August. Most activity so far in the month is in income tax withholding. Month-to-date withholding taxes through August 15, 2013 totaled \$438 million, up \$24 million, or 5.8% from the same period in August 2012, compared to the full month benchmark estimate that projects an increase of \$29 million, or 3.8% actual and 4.2% baseline from a year ago.

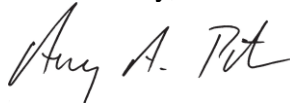
August sales tax is projected to total \$446 million, an increase of \$10 million, or 2.4% actual, and 3.4% baseline from August 2012. August 15th was too early in the month for sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until August 20th. Through August 15th, month-to-date sales tax collections totaled \$82 million, up \$11 million from the same period in August 2012.

As of August 15, 2013, month-to-date corporate and business tax collections totaled \$23 million, up \$1 million from the same period in August 2012.

Monthly motor fuels and rooms tax payments are also due on August 20th. 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 August 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 August 2012 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 August 2013 (in \$ Millions)

Tax Collections as of August 15, 2013, Compared to Same Collection Period in FY2013 and to the FY2014 Tax Revenue Estimate of \$22.797 Billion

	----- Month of August -----						----- FY14 Year-to-Date -----					
	08/13 MTD Collections	08/13 MTD v. 08/12 MTD \$ Change	08/13 MTD v. 08/12 MTD % Change	08/13 Full Month Benchmark (*)	% Growth from 08/12 Assumed in Monthly Benchmark	\$ Needed to Reach 08/13 Full Month Benchmark (*)	08/13 FY14 YTD Collections	08/13 FY14 YTD \$ Change	08/13 FY14 YTD % Change	FY14 YTD Benchmark (**)	% Growth from 08/12 Assumed in FY14 YTD Benchmark	\$ Needed to Reach FY14 YTD Benchmark (**)
Income - Total	452	32	7.6%	814	4.1%	362	1,323	117	9.7%	1,628	3.9%	306
Income Withholding	438	24	5.8%	777	3.8%	339	1,215	62	5.4%	1,557	4.7%	342
Income Est. Payments (Cash)	9	1	6.3%	26	7.0%	17	33	(8)	(19.6%)	45	(21.4%)	12
Income Returns/Bills	15	2	17.7%	34	6.2%	19	103	69	208.8%	56	6.0%	(47)
Income Refunds (Cash)	10	(4.9)	(32.5%)	23	0.0%	13	29	5	20.2%	32	0.0%	3
Sales & Use - Total	82	11	15.5%	446	2.4%	364	571	38	7.2%	928	3.4%	357
Sales - Regular	38	5	14.8%	295	2.1%	256	372	18	5.1%	625	2.7%	253
Sales - Meals	11	(0)	(3.4%)	89	4.9%	77	98	4	3.7%	176	5.3%	78
Sales - Motor Vehicles	33	6	24.6%	63	0.0%	30	100	16	19.6%	126	4.3%	25
Corporate & Business - Total	23	1	6.1%	43	(3.0%)	20	92	4	4.1%	116	5.0%	25
All Other	62	23	59.9%	176	15.9%	114	219	41	23.0%	317	8.5%	98
Total Tax Collections	619	67	12.2%	1,479	4.0%	860	2,204	200	10.0%	2,989	3.9%	785

(*) Benchmarks are based on the FY14 tax revenue estimate of \$22.797 billion

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

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