

AMY PITTER
COMMISSIONER

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

December 18, 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 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 Laws¹, the Department of Revenue hereby submits its mid-month tax revenue report for the month of December 2013. The attached table shows December 2013 month-to-date and FY2014 year-to-date tax revenue collections through December 13, 2013, along with the dollar and percentage changes from the same collection period in December 2012. Also shown are the percentage growth amounts for the full month of December 2013 and for FY2014 year-to-date through the end of December 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

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

agreement, delayed FAS109 deductions, tax enhancements/administrative and technical changes, tax law changes in the transportation finance legislation, and sales tax holiday; the \$22.797 billion estimate was kept unchanged by the Secretary of Administration and Finance on October 15, 2013)

December is a significant tax collection month, as withholding reflects end-of-year bonuses, the final corporate and business quarterly estimated payments of the tax year are due for most corporations, and in the last week of the month individual income taxpayers begin to remit their final estimated payments of the year (which are not due until January 15th, but are paid by many taxpayers in December so that they can deduct the payments on the current tax year's federal income tax returns). The December monthly benchmark corresponding to the revised FY14 revenue estimate of \$22.797 billion assumes revenue collections of \$2.171 billion, an increase of \$23 million, or 1.1% actual, and an increase of \$74 million, or 3.5% baseline from December 2012 collections. December benchmarks also assume that, the recent change in tobacco tax rates would increase December tobacco tax collections by about \$9.8 million, and the 3 cents increase in gasoline/special fuels tax rate would increase motor fuel tax collections by \$7.9 million in December. December benchmarks also assume that revenues would increase by \$8 to \$10 million relative to last December because we have one more deposit day this December than we did a year ago.

Through December 13, 2013 month-to-date tax collections total \$637 million, down \$65 million compared with the same period last year, with the full month benchmark projecting a growth of \$23 million from last December's tax collections total. The month-to-date decline is mostly due to a withholding shift of about \$45-\$55 million from December to November this year, which partially explains the \$64 million withholding surplus in November.

It is too early in the month for month-to-date collections to be meaningful (more than 60% of the December collections typically come during the second half of the month).

Month-to-date income tax collections through December 13, 2013 totaled \$433 million, down \$47 million, or 9.7% from the same period in December 2012. Month-to-date withholding taxes through December 13, 2013 totaled \$400 million, down \$53 million, or 11.7% from the same period in December 2012, compared to the benchmark estimate that projects an increase of \$56 million for the full month. As mentioned above, the month-to-date withholding decline is attributable to a withholding shift of about \$45-\$55 million from December to November. Please also note that the significant portion of the withholding payments that include end-of-year bonuses are received at the end of the month. Month-to-date income tax cash estimated payments totaled \$23 million, no change from December 2012, with the full month benchmark projecting a decline of \$12.3 million, or 7.6% from the December 2012 total. It is too early in the month for the month-to-date income estimated payments to be meaningful as individual income taxpayers begin to send their final estimated payments of the year in the last week of the month.

December sales tax is projected to total \$447 million, an increase of \$35 million, or 8.5% actual, and 3.0% baseline from December 2012. December 13th 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 December 20th. Through December 13th, month-to-date sales tax collections totaled \$58 million, up \$0.2 million from the same period in December 2012.

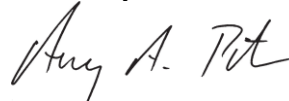
As of December 13, 2013, corporate and business tax collections totaled \$113 million, down \$14 million, or 10.9% from the same period in December 2012, with the full month benchmark projecting a decline of \$76 million for the month as a whole (the expected decline is mostly due to a non-recurring settlement payment received on the last deposit day of December 2012 which will not recur this year). Month-to-date corporate and business cash estimated payments total \$102 million, down \$25 million from the same period last December, compared to the full month benchmark projecting a decline of \$83 million from the

December 2012 total. December 13th was too early in the month for corporate and business trends to be meaningful as more estimated payments are expected to occur later in the month.

Monthly motor fuels and rooms tax payments are also due on December 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 December 13th 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 December 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 December 2013 (in \$ Millions)

Tax Collections as of December 13, 2013, Compared to Same Collection Period in FY2013 and to the FY2014 Tax Revenue Estimate of \$22.797 Billion

	----- Month of December -----						----- FY14 Year-to-Date -----					
	12/13 MTD Collections	12/13 MTD v. 12/12 MTD \$ Change	12/13 MTD v. 12/12 MTD % Change	12/13 Full Month Benchmark (*)	% Growth from 12/12 Assumed in Monthly Benchmark	\$ Needed to Reach 12/13 Full Month Benchmark (*)	12/13 FY14 YTD Collections	12/13 FY14 YTD \$ Change	12/13 FY14 YTD % Change	FY14 YTD Benchmark (*)(**)	% Growth from 12/12 Assumed in FY14 YTD Benchmark	\$ Needed to Reach FY14 YTD Benchmark (*)(**)
Income - Total	433	(47)	(9.7%)	1,275	3.6%	842	5,259	319	6.5%	5,938	4.4%	679
Income Withholding	400	(53)	(11.7%)	1,106	5.3%	705	4,543	200	4.6%	5,179	4.9%	636
Income Est. Payments (Cash)	23	0	0.2%	149	(7.6%)	126	606	61	11.3%	689	0.9%	83
Income Returns/Bills	14	3	28.3%	27	4.0%	13	322	87	37.0%	252	0.6%	(70)
Income Refunds (Cash)	5	(3)	(38.7%)	9	0.0%	3	213	25	13.4%	188	0.0%	(25)
Sales & Use - Total	58	0	0.4%	447	8.5%	389	2,360	135	6.1%	2,721	5.5%	361
Sales - Regular	24	(2)	(8.2%)	324	9.2%	301	1,590	83	5.5%	1,882	5.8%	291
Sales - Meals	9	(1)	(10.9%)	72	5.1%	63	435	19	4.5%	497	4.8%	62
Sales - Motor Vehicles	26	3	14.6%	51	9.3%	25	335	33	10.9%	342	4.9%	7
Corporate & Business - Total	113	(14)	(10.9%)	283	(21.3%)	170	776	135	21.1%	819	(6.3%)	43
All Other	33	(5)	(12.7%)	166	13.8%	133	911	111	13.9%	1,004	10.7%	94
Total Tax Collections	637	(65)	(9.3%)	2,171	1.1%	1,534	9,305	700	8.1%	10,482	4.3%	1,177

(*) 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 December full month totals)

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