



AMY PITTER  
COMMISSIONER

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

February 20, 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 February 2014. The attached table shows February 2014 month-to-date and FY2014 year-to-date tax revenue collections through February 14, 2014, along with the dollar and percentage changes from the same collection period in February 2013. Also shown are the percentage growth amounts for the full month of February 2014 and for FY2014 year-to-date through the end of February 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>

February has historically been the lowest net tax collection month of the year, as there are no quarterly estimated payments due, sales tax is low because of the post-holiday season shopping lull in January (February sales tax payments reflect January transactions), and February is usually the largest income tax refund month of the year, as income tax refunds ramp up with the start of the tax filing season. The February 2014 benchmark corresponding to the FY2014 tax revenue estimate of \$23.2 billion projects February tax revenues of \$1.132 billion, an increase of \$75 million or 7.1% actual, and up \$62 million or 5.9% baseline from February 2013. We also expect to see a net revenue change of about \$10 million in February due to the recent changes in tobacco tax rates, the 3 cents increase in gasoline/special fuels tax rate, the part B personal income tax rate reduction, etc.

Through February 14, 2014 month-to-date tax collections total \$607 million, up \$310 million compared with the same period last year, with the full month benchmark projecting a growth of \$75 million from last February's total tax collections. The most activity so far in the month is in withholding (up \$90 million), income tax refunds (down \$76 million), and corporate and business taxes (up \$125 million, mostly due to one-time non-recurring tax payments totaling over \$100 million), although there has also been some activity in sales and use tax collections (up \$13 million).

Month-to-date income tax collections through February 14, 2014 totaled \$386 million, up \$167 million, or 76.4% from the same period in February 2013, mostly due to strong growth in withholding collections and large decline in income tax refunds. Month-to-date withholding totals \$492 million, up \$90 million from the same period in February 2013, with the full month benchmark calling for an increase of \$36 million. Some of the strong withholding growth could be timing related—borrowed from remainder deposit day collections in February and some could be due to bonus-related payments surge, which are not easy to predict. Month-to-date income tax cash refunds total \$129 million, down \$76 million (36.9%) from the same period in February 2013, with the full month benchmark projecting a growth of \$1.2 million. This year's filing season started very slowly (partly due to the delayed opening of federal filing season), so the month-to-date decline in refunds is not surprising. However, we expect the trend to reverse by the end of this month or in March and that could partially erode the month-to-date gains

As of February 14, 2014, corporate and business tax collections totaled \$128 million, up \$125 million from the same period in February 2013, compared to the benchmark estimate that projects an increase of \$1.2 million. The strong month-to-date growth is mostly due to one-time non-recurring tax payments totaling over \$100 million.

February sales tax is projected to total \$408 million, an increase of \$25 million, or 6.5% actual and \$22 million or 5.6% baseline from February 2013. February 14<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 February 20<sup>th</sup>. Through February 14<sup>th</sup>, month-to-date sales tax collections totaled \$58 million, up \$13 million from the same period last February.

Monthly motor fuels and rooms tax payments are also due on February 20<sup>th</sup>. 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 February 14<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 February 2014 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: 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 February 2014 (in \$ Millions)

Tax Collections as of February 14, 2013, Compared to Same Collection Period in FY2013 and to the FY2014 Tax Revenue Estimate of \$23.2 Billion

	----- Month of February -----						----- FY14 Year-to-Date -----					
	02/14 MTD Collections	02/14 MTD v. 02/13 MTD \$ Change	02/14 MTD v. 02/13 MTD % Change	02/14 Full Month Benchmark (*)	% Growth from 02/13 Assumed in Monthly Benchmark	\$ Needed to Reach 02/14 Full Month Benchmark (*)	02/14 FY14 YTD Collections	02/14 FY14 YTD \$ Change	02/14 FY14 YTD % Change	FY14 YTD Benchmark (**)	% Growth from 02/13 Assumed in FY14 YTD Benchmark	\$ Needed to Reach FY14 YTD Benchmark (**)
<b>Income - Total</b>	<b>386</b>	<b>167</b>	<b>76.4%</b>	<b>528</b>	<b>6.5%</b>	<b>141</b>	<b>8,104</b>	<b>599</b>	<b>8.0%</b>	<b>8,186</b>	<b>5.2%</b>	<b>81</b>
Income Withholding	492	90	22.5%	892	4.2%	399	6,602	356	5.7%	6,969	4.0%	367
Income Est. Payments (Cash)	9	0	2.6%	10	(2.4%)	1	1,472	91	6.6%	1,464	5.9%	(8)
Income Returns/Bills	15	1	9.5%	32	(6.5%)	17	386	92	31.3%	400	27.0%	13
Income Refunds (Cash)	129	(76)	(36.9%)	406	0.3%	276	357	(65)	(15.4%)	647	4.3%	291
<b>Sales &amp; Use - Total</b>	<b>58</b>	<b>13</b>	<b>27.7%</b>	<b>408</b>	<b>6.5%</b>	<b>350</b>	<b>3,325</b>	<b>205</b>	<b>6.6%</b>	<b>3,683</b>	<b>6.5%</b>	<b>357</b>
Sales - Regular	29	7	32.2%	291	6.3%	262	2,302	130	6.0%	2,567	5.9%	265
Sales - Meals	8	2	41.2%	65	4.9%	58	583	29	5.2%	644	5.5%	61
Sales - Motor Vehicles	22	3	18.6%	52	9.6%	30	440	46	11.6%	472	11.5%	31
<b>Corporate &amp; Business - Total</b>	<b>128</b>	<b>125</b>	<b>3872.0%</b>	<b>30</b>	<b>4.3%</b>	<b>(98)</b>	<b>1,129</b>	<b>216</b>	<b>23.6%</b>	<b>993</b>	<b>5.8%</b>	<b>(136)</b>
<b>All Other</b>	<b>34</b>	<b>5</b>	<b>17.0%</b>	<b>167</b>	<b>10.9%</b>	<b>132</b>	<b>1,241</b>	<b>146</b>	<b>13.3%</b>	<b>1,381</b>	<b>13.6%</b>	<b>140</b>
<b>Total Tax Collections</b>	<b>607</b>	<b>310</b>	<b>104.2%</b>	<b>1,132</b>	<b>7.1%</b>	<b>525</b>	<b>13,799</b>	<b>1,164</b>	<b>9.2%</b>	<b>14,242</b>	<b>6.3%</b>	<b>443</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 February full month totals)

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