



NAVJEET K. BAL
COMMISSIONER

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

July 20, 2011

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 2009, the Department of Revenue hereby submits its mid-month tax collection report for July 2011. The attached table shows July 2011 month-to-date and FY2012 year-to-date tax revenue collections through July 15, 2011, along with the dollar and percentage changes from the same collection period in July 2010. Also shown are the percentage growth amounts for the full month of July 2011 and for FY2012 year-to-date through the end of July 2011 that were assumed in the benchmarks corresponding to the FY2012 General Appropriation Act tax revenue estimate of \$20.636 billion. (The \$20.636 billion estimate reflects the FY2012 consensus tax estimate of \$20.525 billion adjusted for the impact of FY2012 revenue initiatives enacted as part of the FY2012 budget.) Please note that the \$20.636 billion estimate and the July 2011 month-to-date and year-to-date budgetary fund collection totals do not include increased cigarette tax collections resulting from the July 2008 increase in the cigarette tax rate, which are dedicated to the Commonwealth Care Trust Fund, a non-budgetary fund.

However, the increase in cigarette tax collections resulting from the higher cigarette tax rate is shown in a separate line at the bottom of the table.

July is a relatively small tax collection month, as there are no quarterly estimated payments due for most business and individuals, with the exception of corporations in the retail industry, whose quarterly estimated payments are generally due in January, April, July and October. Through July 15, 2011, month-to-date tax collections totaled \$559 million, up \$68 million from the same period in July 2010, with the full month July benchmark (based on the \$20.636 billion FY2012 full year tax estimate) projecting total tax revenues of \$1.383 billion, an increase of \$30 million from July 2010 (July benchmarks assume that revenues would be reduced because of the fact that we have one less deposit day this July than we did a year ago (by about \$8 to 12 million), and also because of the elimination of the sales tax on alcoholic beverages which went into effect on January 1, 2011 (by about \$10 to \$11 million). The month-to-date growth through July 15th was primarily the result of higher withholding and estate tax collections compared to July 2010.

Month-to-date withholding taxes through July 15, 2011 totaled \$391 million, up \$51 million from the same period in July 2010, compared to the benchmark estimate that projects a withholding growth of \$31 million for the full month (July withholding benchmark assumes that withholding collections would be reduced by \$5 to \$7 million due to the fact that we have one less deposit day this July than we did a year ago).

July sales tax benchmark assumes a decline of \$1 million from July 2010, reflecting the fact that sales tax collections would be reduced because of the deposit day differences between this July and July 2010 (by about \$3 to \$5 million) and also because of the elimination of the sales tax on alcoholic beverages which went into effect on January 1, 2011 (by about (\$10 to \$11 million). July 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 July 20th. Through July 15th, month-to-date sales tax collections totaled \$62 million, up \$4 million from the same period last July.

As of July 15, 2011, month-to-date corporate/business tax collections totaled \$39 million, down \$5 million from the same period in July 2010.

Monthly motor fuels and rooms tax payments are due on July 20th this year, and there may be other 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 and the deposit day effects noted above, revenues received through July 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 July 2010 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, Acting Director of the Office of Tax Policy Analysis (at 626-2100).

Sincerely,

A handwritten signature in black ink that reads "Navjeet K. Bal". The signature is written in a cursive style and is positioned above a light-colored rectangular stamp.

Navjeet K. Bal
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 Gale D. Candaras, Senate Chair, Joint Committee on Revenue
Representative Bradley H. Jones, Jr., House Minority Leader
Senator Bruce Tarr, Senate Minority Leader

Mid-Month Tax Collection Report for July 2011 (in \$ Millions)

Tax Collections as of July 15, 2011, Compared to Same Collection Period in FY2011 and to the FY2012 General Appropriation Act Tax Revenue Estimate of \$20.636 Billion

	----- Month of July -----						----- FY12 Year-to-Date -----					
	07/11 MTD Collections	07/11 MTD v. 07/10 MTD \$ Change	07/11 MTD v. 07/10 MTD % Change	07/11 Full Month Benchmark (*)	% Growth from 07/10 Assumed in Monthly Benchmark	\$ Needed to Reach 07/11 Full Month Benchmark (*)	07/11 FY12 YTD Collections	07/11 FY12 YTD \$ Change	07/11 FY12 YTD % Change	FY12 YTD Benchmark (**)	% Growth from 07/10 Assumed in FY12 YTD Benchmark	\$ Needed to Reach FY12 YTD Benchmark (**)
Income - Total	409	48	13.3%	751	4.2%	342	409	48	13.3%	751	4.2%	342
Income Withholding	391	51	14.9%	721	4.4%	329	391	51	14.9%	721	4.4%	329
Income Est. Payments (Cash)	8	(2)	(20.8%)	16	(65.3%)	8	8	(2)	(20.8%)	16	(65.3%)	8
Income Returns/Bills	10	(1)	(6.7%)	30	N/A	19	10	(1)	(6.7%)	30	(2037.9%)	19
Income Refunds (Cash)	0	(0)	(13.8%)	15	21.5%	14	0	(0)	(13.8%)	15	21.5%	14
Sales & Use - Total	62	4	6.6%	449	(0.2%)	388	62	4	6.6%	449	(0.2%)	388
Sales - Regular	33	6	21.6%	322	(0.9%)	289	33	6	21.6%	322	(0.9%)	289
Sales - Meals	10	1	15.8%	75	2.8%	65	10	1	15.8%	75	2.8%	65
Sales - Motor Vehicles	19	(3)	(14.8%)	52	(0.5%)	33	19	(3)	(14.8%)	52	(0.5%)	33
Corporate & Business - Total	39	(5)	(11.2%)	50	2.7%	10	39	(5)	(11.2%)	50	2.7%	10
Corporate Excise	35	(7)	(16.1%)	48	3.2%	13	35	(7)	(16.1%)	48	3.2%	13
Insurance Excise	0	(0)	(93.6%)	(3)	N/A	(3)	0	(0)	(93.6%)	(3)	6.5%	(3)
Financial Institutions Excise	4	2	74.9%	5	0.0%	0	4	2	74.9%	5	0.0%	0
Public Utilities Excise	0	0	12469.8%	0	0.0%	(0)	0	0	12469.8%	0	0.0%	(0)
All Other	49	21	73.9%	133	(0.2%)	84	49	21	73.9%	133	(0.2%)	84
Total Tax Collections	559	68	13.8%	1,383	2.2%	824	559	68	13.8%	1,383	2.2%	824

Memo: Cigarette Tax Increase for
Commonwealth Care Trust Fund
(Not in Estimate or Benchmarks)

6	0	6.8%	10	(76.5%)	5	6	0	6.8%	123	182.5%	118
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(*) Benchmarks are based on the FY12 GAA tax revenue estimate of \$20.636 billion (The \$20.636 billion estimate reflects the FY2012 consensus tax estimate of \$20.525 billion adjusted for the impact of FY2012 revenue initiatives enacted as part of the FY2012 budget.)

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

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