



AMY PITTER
COMMISSIONER

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

June 20, 2012

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 2008, the Department of Revenue hereby submits its mid-month tax revenue report for the month of June 2012. The attached table shows June 2012 month-to-date and FY2012 year-to-date tax revenue collections through June 15, 2012, along with the dollar and percentage changes from the same collection period in June 2011. Also shown are the percentage growth amounts for the full month of June 2012 and for FY2012 year-to-date through the end of June 2012 that were assumed in the benchmarks corresponding to the FY2012 tax revenue estimate of \$21.010 billion, which was revised by the Executive Office for Administration and Finance on October 17, 2011 and kept unchanged after the consensus revenue hearing held on December 12, 2011.

June is an important tax collection month, as quarterly income tax and corporate/business tax payments are due on June 15th, though most income tax estimated payments are not received and deposited until later in the month. Through June 15, 2012, June 2012 month-to-date tax collections totaled \$1.090 billion,

up \$229 million, or 26.5%, from the same period in June 2011, with the full month benchmark (based on the \$20.010 billion estimate) projecting total tax revenues of \$2.176 billion, an increase of \$23 million, or 1.1%, from June 2011. The month-to-date increase through June 15th was primarily the result of growth in income withholding and sales taxes, and corporate and business estimated payments. Please note that close to \$200 million of the month-to-date increase is due to timing related factors (e.g., last June, some of the corporate and business estimated payments came in two deposit days later than the June 15th due date; certain withholding taxpayers' weekly withholding payment patterns changed; sales tax payments are not due until June 20th but they started to come in a bit earlier this June relative to last year). Additional growth is expected when monthly sales tax payments are received on and after June 20th.

Month-to-date withholding taxes through June 15, 2012 totaled \$452 million, up \$68 million from the same period in June 2011, compared to the benchmark estimate that projects a withholding increase of \$24 million, or 3.3%, for the full month. As mentioned in the previous paragraph, some of the month-to-date withholding increase appears to be timing related (certain withholding taxpayers' weekly withholding payment patterns changed), which could reverse during the second half of the month.

Month-to-date income tax cash estimated payments through June 15, 2012 totaled \$119 million, down \$11 million from the same period in June 2011, with the full month benchmark projecting a decline of \$3 million. Quarterly income tax estimated payments are due on June 15th, but since most are remitted by mail, more than 60 to 70% of June's estimated payments are received and deposited after the due date and it is therefore too early in the month to know how it would end the month.

Month-to-date income tax cash refunds through June 15, 2012 totaled \$21 million, down \$7 million from the same period in June 2011, with the full month benchmark assuming an increase of \$2 million.

June is a significant month for corporate and business tax payments, as the second quarterly estimated payments for most corporations are due on June 15th. Through June 15, 2012 month-to-date corporate and business tax collections totaled \$402 million, up \$144 million from the same period in June 2011, with the full month benchmark projecting a growth of \$2 million. As mentioned above, some of the month-to-date increase in corporate and business collections is timing related (last year, some of the electronic corporate and business estimated payments came in two deposit days later than the June 15th deadline due to technical issues). So, Month-to-date collections comparison to last year will not be meaningful for a few more deposit days.

June 15th was too early in the month for overall sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until June 20th. Month-to-date sales and use tax collections through June 15, 2012 totaled \$81 million, up \$19 million from the same period last year with the full month benchmark projecting a growth of \$12 million. Some of the month-to-date growth in sales tax payments appear to be timing related (some of the payments have been remitted a bit early this June). Motor vehicle sales tax revenues (which are remitted daily as motor vehicles are registered) through June 15th were down \$1 million from the same period last June, with the full month motor vehicle sales tax benchmark projecting a decline of \$0.3 million from last June. In addition, monthly motor fuels and rooms tax payments are also due on the 20th of each month.

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 differences and the other factors noted above, revenues received through June 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 June 2011 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 me (at 626-2201) or Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (at 626-2100).

Sincerely,

A handwritten signature in cursive script that reads "Amy A. Pitter".

Amy Pitter
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 Katherine Clark, 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 June 2012 (in \$ Millions)

Tax Collections as of June 15, 2012, Compared to Same Collection Period in FY2011 and to the FY2012 Tax Revenue Estimate of \$21.010 Billion

	----- Month of June -----						----- FY12 Year-to-Date -----					
	06/12 MTD Collections	06/12 MTD v. 06/11 MTD \$ Change	06/12 MTD v. 06/11 MTD % Change	06/12 Full Month Benchmark (*)	% Growth from 06/11 Assumed in Monthly Benchmark	\$ Needed to Reach 06/12 Full Month Benchmark (*)	06/12 FY12 YTD Collections	06/12 FY12 YTD \$ Change	06/12 FY12 YTD % Change	FY12 YTD Benchmark (*)(**)	% Growth from 06/11 Assumed in FY12 YTD Benchmark	\$ Needed to Reach FY12 YTD Benchmark (*)(**)
Income - Total	566	68	13.8%	1,141	2.1%	575	11,243	286	2.6%	12,103	4.5%	860
Income Withholding	452	68	17.8%	770	3.3%	318	9,385	311	3.4%	9,865	4.5%	480
Income Est. Payments (Cash)	119	(11)	(8.8%)	396	(0.7%)	277	1,558	(32)	(2.0%)	1,909	2.8%	351
Income Returns/Bills	16	5	48.7%	36	12.5%	20	1,677	5	0.3%	1,756	3.7%	79
Income Refunds (Cash)	21	(7)	(23.7%)	61	2.8%	40	1,375	2	0.1%	1,421	1.2%	47
Sales & Use - Total	81	19	29.8%	435	2.9%	353	4,700	155	3.4%	4,996	1.9%	296
Sales - Regular	42	14	52.5%	301	3.5%	260	3,277	64	2.0%	3,513	1.1%	237
Sales - Meals	12	5	81.0%	75	3.0%	64	804	57	7.7%	844	3.8%	41
Sales - Motor Vehicles	28	(1)	(3.1%)	58	(0.5%)	30	619	34	5.7%	638	3.8%	19
Corporate & Business - Total	402	144	55.8%	438	0.4%	36	2,287	238	11.6%	2,174	(2.4%)	(114)
Corporate Excise	308	135	78.2%	318	(4.5%)	10	1,736	(56)	(3.1%)	1,839	(5.8%)	103
Insurance Excise	80	3	3.3%	95	4.5%	15	315	32	11.4%	316	6.9%	1
Financial Institutions Excise	12	8	207.0%	17	92.3%	5	266	282	N/A	11	(199.9%)	(255)
Public Utilities Excise	2	(2)	(41.0%)	8	108.7%	6	(29)	(20)	N/A	7	(180.3%)	36
All Other	41	(2)	(5.5%)	162	(8.1%)	121	1,682	6	0.4%	1,738	(3.9%)	56
Total Tax Collections	1,090	229	26.5%	2,176	1.1%	1,085	19,911	686	3.6%	21,010	2.4%	1,099

(*) Benchmarks are based on the FY12 tax revenue estimate of \$21.010 billion

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

Memo: Aggregate Value of Tax and Non-Tax Related Settlements & Judgments Exceeding \$10 Million During the Period of July 2011 through June 15, 2012:

Tax Related Settlements & Judgments Exceeding \$10 Million:	368.9	<i>...included in the YTD collections figures above</i>
Non-Tax Related Settlements & Judgments Exceeding \$10 Million:	35.5	<i>...not included in the YTD collections figures above</i>
Total (Tax and Non-Tax Related) Settlements & Judgments Exceeding \$10 Million:	404.4	

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