



AMY PITTER
COMMISSIONER

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

October 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 October 2013. The attached table shows October 2013 month-to-date and FY2014 year-to-date tax revenue collections through October 15, 2013, along with the dollar and percentage changes from the same collection period in October 2012. Also shown are the percentage growth amounts for the full month of October 2013 and for FY2014 year-to-date through the end of October 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; the \$22.797 billion estimate was kept unchanged by the Secretary of Administration and Finance on October 15, 2013)

October is a relatively small net tax collection month, as no quarterly estimated payments are due for individuals and most corporations (other than retailers, most of which are on an estimated payment schedule that lags other companies by one month) and refunds are high due to the processing of refunds for returns filed on extension. (October has historically been the largest corporate/business refund month of the year, and net corporate/business collections in October are usually negative.) The October benchmark corresponding to the FY2014 tax revenue estimate of \$22.797 billion assumes total tax collections of \$1.480 billion, an increase of \$79 million, or 5.6% actual, and increase of \$64 million, or 4.6% baseline from October 2012. October benchmarks also assume that, the recent change in tobacco tax rates would increase October tobacco tax collections by about \$10.3 million, and the 3 cents increase in gasoline/special fuels tax rate would increase motor fuel tax collections by \$7.9 million in October. October benchmarks also assume that corporate & business taxes would total -\$3 million, a decline of \$11 million from last October, mostly due to the settlement-related payments of \$15 million received last October, which would not recur this October.

Through October 15, 2013 month-to-date tax collections total \$540 million, down \$14 million, with the full month benchmark projecting a growth of \$79 million. Some of the month-to-date decline is due to an uptick in the month-to-date corporate and business refunds; corporate and business refunds started the month strongly, up \$8 million from the same period last year. It is very early in the month for month-to-date trends to be meaningful, as more than 60% of collections are expected to come in during the second half of the month.

October benchmark assumes that income tax collections would total \$845 million, up \$43 million, or 5.3% actual and 5.4% baseline from October 2012. Month-to-date income tax collections through October 15, 2013 totaled \$419 million, up \$8 million, or 1.9% from the same period in October 2012. Month-to-date withholding taxes through October 15, 2013 totaled \$401 million, up \$13 million from the same period in October 2012, compared to the benchmark estimate that projects an increase of \$37 million for the full month.

October sales tax is projected to total \$468 million, an increase of \$27 million, or 6.1% actual, and 3.0% baseline from October 2012. October 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 October 21st (the usual due date of 20th falls on a weekend this October). Through October 15th, month-to-date sales tax collections totaled \$61 million, down \$3 million from the same period in October 2012.

As of October 15, 2013, corporate and business tax collections totaled \$17 million, down \$21 million, or 54.5% from the same period in October 2012. Month-to-date corporate and business refunds total \$23 million, up \$8 million from the same period last year, with the full month benchmark projecting a growth of \$1 million from the same period last year.

Monthly motor fuels and rooms tax payments are also due on October 21st. 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 October 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 October 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,

A handwritten signature in black ink that reads "Amy A. Pitter". The signature is written in a cursive style with a large initial "A".

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 October 2013 (in \$ Millions)

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

	----- Month of October -----						----- FY14 Year-to-Date -----					
	10/13 MTD Collections	10/13 MTD v. 10/12 MTD \$ Change	10/13 MTD v. 10/12 MTD % Change	10/13 Full Month Benchmark (*)	% Growth from 10/12 Assumed in Monthly Benchmark	\$ Needed to Reach 10/13 Full Month Benchmark (*)	10/13 FY14 YTD Collections	10/13 FY14 YTD \$ Change	10/13 FY14 YTD % Change	FY14 YTD Benchmark (**)	% Growth from 10/12 Assumed in FY14 YTD Benchmark	\$ Needed to Reach FY14 YTD Benchmark (**)
Income - Total	419	8	1.9%	845	5.3%	427	3,477	245	7.6%	3,803	4.9%	326
Income Withholding	401	13	3.3%	813	4.7%	412	2,826	133	4.9%	3,233	4.9%	406
Income Est. Payments (Cash)	17	(1)	(6.2%)	23	5.0%	6	548	46	9.1%	525	3.5%	(24)
Income Returns/Bills	21	0	1.1%	103	5.0%	82	187	84	82.6%	189	5.3%	3
Income Refunds (Cash)	19	4	29.8%	93	0.0%	73	84	14	19.7%	148	0.0%	64
Sales & Use - Total	61	(3)	(5.2%)	468	6.1%	407	1,457	79	5.8%	1,841	4.9%	383
Sales - Regular	23	(3)	(12.6%)	326	6.9%	303	960	44	4.9%	1,252	4.8%	291
Sales - Meals	9	(0)	(4.9%)	84	4.3%	75	273	12	4.5%	349	5.0%	76
Sales - Motor Vehicles	28	0	1.8%	57	4.0%	29	224	23	11.5%	240	5.3%	16
Corporate & Business - Total	17	(21)	(54.5%)	(3)	N/A	(20)	573	38	7.1%	527	4.2%	(46)
All Other	44	2	5.1%	170	13.7%	126	576	86	17.6%	654	9.6%	78
Total Tax Collections	540	(14)	(2.5%)	1,480	5.6%	940	6,084	448	8.0%	6,825	5.3%	742

(*) 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 October full month totals)

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