



AMY PITTER  
COMMISSIONER

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

December 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 2008, the Department of Revenue hereby submits its mid-month tax collection report for December 2011. The attached table shows December 2011 month-to-date and FY2012 year-to-date tax revenue collections through December 15, 2011, along with the dollar and percentage changes from the same collection period in December 2010. Also shown are the percentage growth amounts for the full month of December 2011 and for FY2012 year-to-date through the end of December 2011 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.

December is a significant tax collection month, as withholding reflects end-of-year bonuses, the final corporate/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 FY12 revenue estimate of \$21.010 billion assumes revenue collections of \$2.057 billion, a decline of \$15 million, or 0.7% actual, and an increase of \$70 million, or 3.4% baseline from December 2010 collections. Most of the decline assumed in the December benchmark is due to several one-time revenues that came in last December, which will not recur this December, but also due to two fewer deposit days in this December than the last, which will reduce tax collections by \$18-\$20 million compared to last year.

Through December 15, 2011, month-to-date tax collections totaled \$763 million, down \$20 million, or 2.5% from the same period in December 2010, with the month-to-date decline primarily the result of lower withholding and corporate tax collections compared to December 2010.

Month-to-date income tax collections through December 15, 2011 totaled \$457 million, down \$5 million, or 1.0% from the same period in December 2010, with the full month income tax benchmark projecting an increase of \$43 million, or 3.6% from December 2010. Month-to-date income tax withholding totaled \$422 million, down \$7 million, or 1.5% from December 2010, with the full month benchmark projecting a growth of \$32 million, or 3.6%. Although withholding collections have been weak so far, it is too early in the month to gauge meaningful trends. Most of the withholding payments that include end-of-year bonuses are received at the end of the month. Month-to-date income tax estimated payments totaled \$27 million, up \$0.2 million, or 0.6% from December 2010, with the full month benchmark projecting growth of \$3 million, or 1.0% from December 2010. Month-to-date tax payments with returns and extensions total \$13 million, up \$0.2 million from the same period last year, with the full month benchmark projecting a growth of \$8 million. Month-to-date income tax refunds total \$5 million, down \$1 million from the same period last year, with the full month benchmark projecting an increase of \$0.1 million.

As of December 15, 2011, corporate/business tax collections total \$183 million, down \$17 million from the same period last year, with the full month benchmark projecting a decline of \$39 million. Month-to-date corporate and business refunds total \$8 million, down \$18 million from December 2010, with the full month benchmark projecting no change from a year ago. December 15<sup>th</sup> 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.

The December 2011 sales tax benchmark assumes a decline of \$3 million, or 0.7% from December 2010 (the revenues will be reduced by \$11 million due to elimination of sales tax on alcoholic beverages, which took effect on January 1, 2011). Through December 15, 2011, month-to-date sales tax collections totaled \$70 million, up \$5 million, or 7.7% from the same period last December. December 15<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 Tuesday, December 20<sup>th</sup>.

Monthly motor fuels and rooms tax payments are due on December 20<sup>th</sup> 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, revenues received through December 15<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 December 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, 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 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 December 2011 (in \$ Millions)

Tax Collections as of December 15, 2011, Compared to Same Collection Period in FY2011 and to the FY2012 Tax Revenue Estimate of \$21.010 Billion

	----- Month of December -----						----- FY12 Year-to-Date -----					
	12/11 MTD Collections	12/11 MTD v. 12/10 MTD \$ Change	12/11 MTD v. 12/10 MTD % Change	12/11 Full Month Benchmark (*)	% Growth from 12/10 Assumed in Monthly Benchmark	\$ Needed to Reach 12/11 Full Month Benchmark (*)	12/11 FY12 YTD Collections	12/11 FY12 YTD \$ Change	12/11 FY12 YTD % Change	FY12 YTD Benchmark (**)	% Growth from 12/10 Assumed in FY12 YTD Benchmark	\$ Needed to Reach FY12 YTD Benchmark (**)
<b>Income - Total</b>	<b>457</b>	<b>(5)</b>	<b>(1.0%)</b>	<b>1,238</b>	<b>3.6%</b>	<b>781</b>	<b>4,815</b>	<b>261</b>	<b>5.7%</b>	<b>5,619</b>	<b>6.3%</b>	<b>804</b>
Income Withholding	422	(7)	(1.5%)	927	3.6%	505	4,263	132	3.2%	4,829	5.1%	566
Income Est. Payments (Cash)	27	0.2	0.6%	285	1.0%	258	521	58	12.4%	770	7.0%	248
Income Returns/Bills	13	0	1.5%	33	34.1%	20	211	33	18.5%	222	16.7%	11
Income Refunds (Cash)	5	(1)	(19.3%)	6	2.4%	1	180	(36)	(16.7%)	199	(7.8%)	19
<b>Sales &amp; Use - Total</b>	<b>70</b>	<b>5</b>	<b>7.7%</b>	<b>399</b>	<b>(0.7%)</b>	<b>329</b>	<b>2,175</b>	<b>21</b>	<b>1.0%</b>	<b>2,501</b>	<b>0.4%</b>	<b>326</b>
Sales - Regular	38	1	4.1%	294	(0.6%)	256	1,490	(13)	(0.8%)	1,748	(0.8%)	258
Sales - Meals	10	2	21.6%	63	2.2%	53	393	19	5.0%	444	3.8%	51
Sales - Motor Vehicles	23	2	8.5%	43	(5.7%)	20	292	15	5.2%	309	2.5%	17
<b>Corporate &amp; Business - Total</b>	<b>183</b>	<b>(17)</b>	<b>(8.7%)</b>	<b>277</b>	<b>(12.3%)</b>	<b>94</b>	<b>827</b>	<b>9</b>	<b>1.1%</b>	<b>879</b>	<b>(5.8%)</b>	<b>52</b>
Corporate Excise	153	(36)	(19.1%)	237	(6.1%)	84	707	(83)	(10.5%)	813	(4.9%)	105
Insurance Excise	31	9	43.9%	27	10.7%	(3)	117	19	19.8%	112	11.7%	(4)
Financial Institutions Excise	(0)	10	N/A	9	(77.1%)	9	35	93	N/A	(23)	149.6%	(58)
Public Utilities Excise	0	(1)	(99.6%)	4	487.6%	4	(32)	(19)	N/A	(24)	81.7%	9
<b>All Other</b>	<b>52</b>	<b>(3)</b>	<b>(5.2%)</b>	<b>142</b>	<b>(10.6%)</b>	<b>90</b>	<b>823</b>	<b>44</b>	<b>5.6%</b>	<b>897</b>	<b>1.5%</b>	<b>73</b>
<b>Total Tax Collections</b>	<b>763</b>	<b>(20)</b>	<b>(2.5%)</b>	<b>2,057</b>	<b>(0.7%)</b>	<b>1,294</b>	<b>8,640</b>	<b>335</b>	<b>4.0%</b>	<b>9,896</b>	<b>3.1%</b>	<b>1,255</b>

(\*) 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 December full month totals)

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