



AMY PITTER  
COMMISSIONER

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
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February 21, 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 collection report for February 2012. The attached table shows February 2012 month-to-date and FY2012 year-to-date tax revenue collections through February 15, 2012, along with the dollar and percentage changes from the same collection period in February 2011. Also shown are the percentage growth amounts for the full month of February 2012 and for FY2012 year-to-date through the end of February 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.

February has historically been the lowest net tax collection month of the year, as there are no quarterly estimated or final 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 2011 tax filing season. The February 2012 benchmark corresponding to the FY2012 tax revenue estimate of \$21.010 billion projects February tax revenues of \$973 million, an increase of \$41 million, or 4.4% actual, and 5.8% baseline from February 2011.

Through February 15, 2012, month-to-date tax collections totaled \$343 million, down \$4 million, or 1.3% from the same period in February 2011. Most activity so far in the month is in income tax withholding and income tax refunds. Month-to-date income tax withholding totaled \$426 million, up \$22 million, or 5.5% from February 2011, with the full month benchmark projecting a growth of \$36 million, or 4.9%. Month-to-date income tax refunds totaled \$224 million, up \$35 million, or 18.4% from the same period last year, with the full month benchmark projecting an increase of \$11 million. Month-to-date increase in refunds is partly timing related given that last January the IRS urged those filing with itemized deductions to wait until mid-February for revised tables. We are also seeing that many individual income taxpayers have been filing their returns much earlier during this filing season than they did in prior filing seasons resulting in an accelerated return and refund processing above its normal pace.

As of February 15, 2012, corporate/business tax collections total \$21 million, down \$7 million from the same period last year, with the full month benchmark projecting a growth of \$7 million. Through February 15, 2012, month-to-date sales tax collections totaled \$63 million, up \$13 million from the same period last February.

Several caveats are in order when considering the attached report:

- In February, the Commonwealth usually receives and deposits most of its tax revenues during the second half of the month, primarily because non-motor vehicle sales, meals, motor fuels, and rooms tax payments are due on the 20<sup>th</sup> of each month (these payments are actually due on February 21<sup>st</sup> this year, as the 20<sup>th</sup> falls on a Monday which is the President's Day holiday). Therefore, month-to-date growth comparisons with last February for sales, meals, motor fuels, and rooms tax payments are not meaningful at this point, and month-to-date growth for these tax types is not necessarily indicative of what final growth will be for the full month;
- 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 considerations, revenues received through the 15<sup>th</sup> day of February as reported in the attached table are not necessarily indicative of what the final results for the full month will be. Specifically, they do not represent one-half of the revenues to be received in the full month and are at best a mere snap-shot picture of the revenues received through the reported date. Any variances from the monthly benchmark at this point should not be relied on as an indicator of what the total final revenues for the month will be, compared to the monthly 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: 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 February 2012 (in \$ Millions)

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

|   | ----- Month of February ----- |                                  |                                 |                                |  |   | ----- FY12 Year-to-Date ----- |                          |                         |                         |   |  |
|---|-------------------------------|----------------------------------|---------------------------------|--------------------------------|--|---|-------------------------------|--------------------------|-------------------------|-------------------------|---|--|
|   | 02/12 MTD Collections         | 02/12 MTD v. 02/11 MTD \$ Change | 02/12 MTD v. 02/11 MTD % Change | 02/12 Full Month Benchmark (*) | % Growth from 02/11 Assumed in Monthly Benchmark | \$ Needed to Reach 02/12 Full Month Benchmark (*) | 02/12 FY12 YTD Collections    | 02/12 FY12 YTD \$ Change | 02/12 FY12 YTD % Change | FY12 YTD Benchmark (**) | % Growth from 02/11 Assumed in FY12 YTD Benchmark | \$ Needed to Reach FY12 YTD Benchmark (**) |
| <b>Income - Total</b>                   | <b>227</b>                    | <b>(11)</b>                      | <b>(4.7%)</b>                   | <b>441</b>                     | <b>4.4%</b>                                      | <b>214</b>  | <b>7,078</b>                  | <b>169</b>               | <b>2.4%</b>             | <b>7,494</b>            | <b>5.6%</b>                                       | <b>416</b>                                 |
| Income Withholding                      | 426                           | 22                               | 5.5%                            | 778                            | 4.9%   | 352   | 6,130                         | 192                      | 3.2%                    | 6,583                   | 4.9%  | 453  |
| Income Est. Payments (Cash)             | 8                             | (1)                              | (11.7%)                         | 10                             | 0.9%   | 2   | 1,188                         | (19)                     | (1.6%)                  | 1,264                   | 4.6%  | 75   |
| Income Returns/Bills                    | 16                            | 2                                | 15.1%                           | 42                             | (14.6%)  | 26  | 267                           | 40                       | 17.6%                   | 296                     | 12.5%   | 28   |
| Income Refunds (Cash)                   | 224                           | 35                               | 18.4%                           | 389                            | 2.8%   | 165   | 507                           | 46                       | 10.0%                   | 645                     | (0.7%)  | 139  |
| <b>Sales &amp; Use - Total</b>          | <b>63</b>                     | <b>13</b>                        | <b>25.9%</b>                    | <b>361</b>                     | <b>5.3%</b>                                      | <b>298</b>  | <b>3,087</b>                  | <b>68</b>                | <b>2.2%</b>             | <b>3,344</b>            | <b>1.0%</b>                                       | <b>257</b>                                 |
| Sales - Regular                         | 31                            | 8                                | 34.6%                           | 251                            | 4.3%   | 220   | 2,165                         | 8                        | 0.4%                    | 2,370                   | (0.2%)  | 205  |
| Sales - Meals                           | 8                             | 2                                | 24.4%                           | 59                             | 4.8%   | 51  | 531                           | 32                       | 6.4%                    | 570                     | 3.9%  | 39   |
| Sales - Motor Vehicles                  | 24                            | 3                                | 16.9%                           | 51                             | 10.7%  | 27  | 392                           | 28                       | 7.7%                    | 404                     | 3.8%  | 12   |
| <b>Corporate &amp; Business - Total</b> | <b>21</b>                     | <b>(7)</b>                       | <b>(25.4%)</b>                  | <b>31</b>                      | <b>27.6%</b>                                     | <b>9</b>  | <b>971</b>                    | <b>(42)</b>              | <b>(4.2%)</b>           | <b>942</b>              | <b>(6.7%)</b>                                     | <b>(29)</b>                                |
| Corporate Excise                        | 20                            | (7)                              | (25.5%)                         | 25                             | (23.0%)  | 5   | 846                           | (91)                     | (9.7%)                  | 867                     | (8.0%)  | 21   |
| Insurance Excise                        | 1                             | 1                                | N/A                             | 1                              | 10.6%  | 0   | 121                           | 21                       | 20.5%                   | 113                     | 11.7%   | (8)  |
| Financial Institutions Excise           | 1                             | (1)                              | (57.1%)                         | 2                              | N/A  | 2   | 38                            | 49                       | N/A                     | (18)                    | (13.8%)   | (55)                                       |
| Public Utilities Excise                 | 0                             | (0)                              | N/A                             | 2                              | N/A  | 2   | (33)                          | (21)                     | N/A                     | (20)                    | 41.6%   | 13   |
| <b>All Other</b>                        | <b>32</b>                     | <b>1</b>                         | <b>3.4%</b>                     | <b>141</b>                     | <b>(1.5%)</b>                                    | <b>108</b>  | <b>1,090</b>                  | <b>37</b>                | <b>3.5%</b>             | <b>1,174</b>            | <b>0.7%</b>                                       | <b>83</b>                                  |
| <b>Total Tax Collections</b>            | <b>343</b>                    | <b>(4)</b>                       | <b>(1.3%)</b>                   | <b>973</b>                     | <b>4.4%</b>                                      | <b>630</b>  | <b>12,227</b>                 | <b>231</b>               | <b>1.9%</b>             | <b>12,953</b>           | <b>3.0%</b>                                       | <b>726</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 February full month totals)

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