



AMY PITTER  
COMMISSIONER

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

March is an important tax collection month, as payments with tax returns and extensions are due for most corporations for the prior tax year, as are the first corporate estimated payments (equal to 40% of estimated annual tax liability) of the current tax year. March is the largest corporate/business excise tax collection month of the year. It is also the last significant month for bonus payments, which are reflected in withholding, and usually the second largest month of the year for income tax refunds. The March 2012 benchmark corresponding to the FY12 tax revenue estimate of \$21.010 billion totals \$1.831 billion, an increase of \$57 million, or 3.2% actual, but an increase of 5.8% baseline from March 2011.

Through March 15, 2012, month-to-date tax collections totaled \$890 million, up \$48 million, or 5.7% from the same period in March 2011. Most activity so far in the month is in income tax withholding, corporate and business taxes, and income tax refunds. Month-to-date income tax withholding totaled \$464 million, up \$8 million, or 1.7% from March 2011, with the full month benchmark projecting a growth of \$57 million, or 3.3%. Month-to-date income tax refunds totaled \$144 million, down \$29 million, or 16.6% from the same period last year, with the full month benchmark projecting an increase of \$9 million. Month-to-date decrease in refunds appears to be partly timing related and could be seen as an offsetting trend given that they were trending above the normal pace in prior two months (taxpayers filing their returns earlier this filing season than they did last year) and ended up with an above benchmark performance in January and February.

As of March 15, 2012, corporate/business tax collections total \$438 million, up \$8 million from the same period last year, with the full month benchmark projecting a growth of \$17 million. Through March 15, 2012, month-to-date sales tax collections totaled \$62 million, up \$2 million from the same period last March.

Several caveats are in order when considering the attached report:

- In March, the Commonwealth usually receives and deposits a significant proportion 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, and final payments with corporate and business tax returns and extensions are received through the end of the month. Therefore, month-to-date growth comparisons with last March for sales, meals, motor fuels, rooms tax, and corporate and business 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 March 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,



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 March 2012 (in \$ Millions)

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

	----- Month of March -----						----- FY12 Year-to-Date -----					
	03/12 MTD Collections	03/12 MTD v. 03/11 MTD \$ Change	03/12 MTD v. 03/11 MTD % Change	03/12 Full Month Benchmark (*)	% Growth from 03/11 Assumed in Monthly Benchmark	\$ Needed to Reach 03/12 Full Month Benchmark (*)	03/12 FY12 YTD Collections	03/12 FY12 YTD \$ Change	03/12 FY12 YTD % Change	FY12 YTD Benchmark (**)	% Growth from 03/11 Assumed in FY12 YTD Benchmark	\$ Needed to Reach FY12 YTD Benchmark (**)
<b>Income - Total</b>	<b>353</b>	<b>36</b>	<b>11.4%</b>	<b>674</b>	<b>6.1%</b>	<b>321</b>	<b>7,660</b>	<b>249</b>	<b>3.4%</b>	<b>8,168</b>	<b>5.7%</b>	<b>509</b>
Income Withholding	464	8	1.7%	882	3.3%	417	6,964	231	3.4%	7,465	4.7%	501
Income Est. Payments (Cash)	5	0	0.7%	12	0.9%	7	1,195	(18)	(1.5%)	1,276	4.5%	81
Income Returns/Bills	29	(1)	(1.8%)	98	23.9%	69	337	45	15.5%	394	15.1%	56
Income Refunds (Cash)	144	(29)	(16.6%)	317	2.8%	172	836	12	1.5%	962	0.4%	127
<b>Sales &amp; Use - Total</b>	<b>62</b>	<b>2</b>	<b>2.7%</b>	<b>374</b>	<b>3.0%</b>	<b>311</b>	<b>3,459</b>	<b>86</b>	<b>2.5%</b>	<b>3,718</b>	<b>1.2%</b>	<b>259</b>
Sales - Regular	29	3	12.2%	254	3.5%	225	2,418	18	0.7%	2,624	0.2%	206
Sales - Meals	7	(0)	(1.0%)	60	3.0%	53	592	36	6.5%	630	3.8%	38
Sales - Motor Vehicles	26	(1)	(5.3%)	60	0.9%	34	448	32	7.6%	464	3.4%	15
<b>Corporate &amp; Business - Total</b>	<b>438</b>	<b>8</b>	<b>1.9%</b>	<b>653</b>	<b>2.7%</b>	<b>215</b>	<b>1,430</b>	<b>(8)</b>	<b>(0.6%)</b>	<b>1,595</b>	<b>(3.0%)</b>	<b>165</b>
Corporate Excise	331	(15)	(4.3%)	527	(3.3%)	196	1,185	(103)	(8.0%)	1,394	(6.3%)	209
Insurance Excise	100	4	4.3%	117	4.3%	17	223	26	13.5%	229	7.8%	6
Financial Institutions Excise	5	19	N/A	(4)	N/A	(9)	53	88	N/A	(22)	(50.4%)	(75)
Public Utilities Excise	2	0	2.4%	13	473.5%	11	(32)	(19)	N/A	(7)	(41.9%)	25
<b>All Other</b>	<b>36</b>	<b>2</b>	<b>5.5%</b>	<b>130</b>	<b>(6.9%)</b>	<b>94</b>	<b>1,236</b>	<b>36</b>	<b>3.0%</b>	<b>1,304</b>	<b>(0.1%)</b>	<b>67</b>
<b>Total Tax Collections</b>	<b>890</b>	<b>48</b>	<b>5.7%</b>	<b>1,831</b>	<b>3.2%</b>	<b>942</b>	<b>13,784</b>	<b>362</b>	<b>2.7%</b>	<b>14,784</b>	<b>3.0%</b>	<b>1,000</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 March full month totals)

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