



AMY PITTER  
COMMISSIONER

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

March 19, 2014

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 Laws<sup>1</sup>, the Department of Revenue hereby submits its mid-month tax revenue report for the month of March 2014. The attached table shows March 2014 month-to-date and FY2014 year-to-date tax revenue collections through March 14, 2014, along with the dollar and percentage changes from the same collection period in March 2013. Also shown are the percentage growth amounts for the full month of March 2014 and for FY2014 year-to-date through the end of March 2014 that were assumed in the benchmarks corresponding to the revised FY2014 tax revenue estimate of \$23.2 billion, which was released by the Executive Office for Administration and Finance on January 14, 2014.

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<sup>1</sup> <http://www.malegislature.gov/Laws/GeneralLaws/PartI/TitleII/Chapter14/Section6>

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 and business estimated payments (equal to 40% of estimated annual tax liability) of the current tax year. March is the largest corporate and business 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 2014 benchmark corresponding to the FY2014 tax revenue estimate of \$23.2 billion projects March tax revenues of \$2.012 billion, an increase of \$128 million or 6.8% actual, and up \$105 million or 5.6% baseline from March 2013. We also expect to see a net revenue change of about \$9 million in March due to the recent changes in tobacco tax rates, the 3 cents increase in gasoline/special fuels tax rate, the part B personal income tax rate reduction, etc.

Through March 14, 2014 month-to-date tax collections total \$771 million, up \$222 million compared with the same period last year, with the full month benchmark projecting a growth of \$128 million from last March's total tax collections. The most activity so far in the month is in withholding (up \$130 million), income tax refunds (up \$1 million), and corporate and business taxes (up \$67 million), although there has also been some activity in sales and use tax collections (up \$15 million).

Month-to-date income tax collections through March 14, 2014 totaled \$373 million, up \$136 million, or 57.2% from the same period in March 2013, mostly due to strong growth in withholding collections. Month-to-date withholding totals \$505 million, up \$130 million from the same period in March 2013, with the full month benchmark calling for an increase of \$37 million. Similar to last month (February), some of the month-to-date strong withholding growth could be timing related—borrowed from remainder deposit day collections in March and some could be due to bonus-related payments surge, which are not easy to predict. Month-to-date income tax cash refunds total \$169 million, up \$1 million (0.8%) from the same period in March 2013, with the full month benchmark projecting a growth of \$1.4 million.

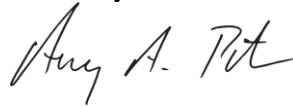
As of March 14, 2014, corporate and business tax collections totaled \$308 million, up \$67 million from the same period in March 2013, compared to the benchmark estimate that projects an increase of \$56 million. Most of the month-to-date growth could be due to timing related factors, and could reverse during the remainder deposit days of this month.

March sales tax is projected to total \$394 million, an increase of \$25 million, or 6.7% actual and \$21 million or 5.8% baseline from March 2013. March 14<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 March 20<sup>th</sup>. Through March 14<sup>th</sup>, month-to-date sales tax collections totaled \$66 million, up \$15 million from the same period last March.

Monthly motor fuels and rooms tax payments are also due on March 20<sup>th</sup>. 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 March 14<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 March 2013 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,

Handwritten signature of Amy A. Pitter in black ink.

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 March 2014 (in \$ Millions)

**Tax Collections as of March 14, 2014, Compared to Same Collection Period in FY2013 and to the FY2014 Tax Revenue Estimate of \$23.2 Billion**

	----- Month of March -----						----- FY14 Year-to-Date -----					
	03/14 MTD Collections	03/14 MTD v. 03/13 MTD \$ Change	03/14 MTD v. 03/13 MTD % Change	03/14 Full Month Benchmark (*)	% Growth from 03/13 Assumed in Monthly Benchmark	\$ Needed to Reach 03/14 Full Month Benchmark (*)	03/14 FY14 YTD Collections	03/14 FY14 YTD \$ Change	03/14 FY14 YTD % Change	FY14 YTD Benchmark (**)	% Growth from 03/13 Assumed in FY14 YTD Benchmark	\$ Needed to Reach FY14 YTD Benchmark (**)
<b>Income - Total</b>	<b>373</b>	<b>136</b>	<b>57.2%</b>	<b>698</b>	<b>4.7%</b>	<b>326</b>	<b>8,616</b>	<b>597</b>	<b>7.4%</b>	<b>8,884</b>	<b>5.1%</b>	<b>268</b>
Income Withholding	505	130	34.6%	932	4.2%	427	7,527	453	6.4%	7,900	4.0%	373
Income Est. Payments (Cash)	7	2	36.6%	10	(2.4%)	3	1,484	96	6.9%	1,474	5.8%	(9)
Income Returns/Bills	30	5	20.5%	65	(6.5%)	35	439	100	29.4%	465	21.0%	26
Income Refunds (Cash)	169	1	0.8%	309	0.5%	140	835	46	5.8%	956	3.0%	121
<b>Sales &amp; Use - Total</b>	<b>66</b>	<b>15</b>	<b>29.3%</b>	<b>394</b>	<b>6.7%</b>	<b>327</b>	<b>3,729</b>	<b>220</b>	<b>6.3%</b>	<b>4,076</b>	<b>6.5%</b>	<b>347</b>
Sales - Regular	30	11	55.9%	268	6.4%	238	2,583	139	5.7%	2,835	5.9%	252
Sales - Meals	8	1	10.0%	64	4.9%	56	647	29	4.7%	708	5.4%	61
Sales - Motor Vehicles	28	3	13.7%	61	9.7%	33	500	51	11.5%	533	11.3%	34
<b>Corporate &amp; Business - Total</b>	<b>308</b>	<b>67</b>	<b>28.0%</b>	<b>769</b>	<b>7.9%</b>	<b>461</b>	<b>1,560</b>	<b>381</b>	<b>32.4%</b>	<b>1,761</b>	<b>6.7%</b>	<b>201</b>
<b>All Other</b>	<b>25</b>	<b>4</b>	<b>17.4%</b>	<b>152</b>	<b>16.2%</b>	<b>127</b>	<b>1,396</b>	<b>159</b>	<b>12.8%</b>	<b>1,533</b>	<b>13.8%</b>	<b>138</b>
<b>Total Tax Collections</b>	<b>771</b>	<b>222</b>	<b>40.3%</b>	<b>2,012</b>	<b>7.1%</b>	<b>1,241</b>	<b>15,301</b>	<b>1,357</b>	<b>9.7%</b>	<b>16,255</b>	<b>6.4%</b>	<b>954</b>

(\*) Benchmarks are based on the FY14 tax revenue estimate of \$23.2 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.