



NAVJEET K. BAL
COMMISSIONER

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

September 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 September 2011. The attached table shows September 2011 month-to-date and FY2012 year-to-date tax revenue collections through September 15, 2011, along with the dollar and percentage changes from the same collection period in September 2010. Also shown are the percentage growth amounts for the full month of September 2011 and for FY2012 year-to-date through the end of September 2011 that were assumed in the benchmarks corresponding to the FY2012 General Appropriation Act tax revenue estimate of \$20.615 billion. (The \$20.615 billion estimate reflects the FY2012 consensus tax estimate of \$20.525 billion adjusted for the impact of FY2012 revenue initiatives enacted as part of the FY2012 budget, and the sales tax holiday.)

September is an important tax collection month, as quarterly estimated payments are due for most businesses and individuals, making September historically one of the four largest tax collection months of the year. The September 2011 full month benchmark (based on the \$20.615 billion FY2012 full year tax estimate) projects total tax revenues of \$2.052 billion, \$37 million or 1.8% higher than September 2010, but representing growth of 2.4% baseline after accounting for tax law changes and timing factors.

Through September 15, 2011, month-to-date tax collections totaled \$994 million, up \$88 million, or 9.7% from the same period in September 2010, with month-to-date growth primarily the result of higher income tax collections compared to September 2010.

Month-to-date income tax collections through September 15, 2011 totaled \$546 million, up \$73 million, or 15.5% from the same period in September 2010, with the full month income tax benchmark projecting an increase of \$24 million, or 2.3% from September 2010. Month-to-date income tax withholding totaled \$413 million, up \$31 million, or 8.1% from September 2010, with the full month benchmark projecting withholding growth of \$35 million, or 4.9%. Month-to-date income tax estimated payments totaled \$129 million, up \$47 million, or 57.5% from September 2010, with the full month benchmark projecting decline of \$6 million, or 1.8%. (September 15th was still early in the month for estimated payments, with usually about 20%-25% of the full month's payments having been processed by that point.) Month-to-date income tax payments with returns and bills totaled \$12 million, down \$13 million, or 53.1% from September 2010, with the full month benchmark projecting decline of \$1 million, or 3.3%.

As of September 15, 2011, corporate and business tax collections totaled \$334 million, up \$7 million, or 2.3% from the same period in September 2010, with the full month benchmark projecting an increase of \$8 million, or 2.0%. Month-to-date corporate and business cash estimated payments, an indicator of current business profits, totaled \$292 million, a decline of \$12 million, or 4.0% from last year. By this point in the month 80-90% of September's corporate/business estimated payments have usually been received.

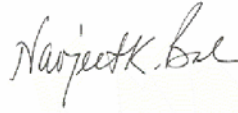
The September 2011 sales tax benchmark assumes an increase of \$5 million, or 1.2% from September 2010, as the August sales tax holiday reduces September revenues by \$20.5 million (\$0.6 million more than last year's sales tax holiday impact, which was about \$19.9 million), and additional reduction of \$10 million due to elimination of sales tax on alcoholic beverages, which took effect on January 1, 2011. Through September 15, 2011, month-to-date sales tax collections totaled \$64 million, up \$3 million, or 5.0% from the same period last September. However, because monthly sales tax payments are due on the 20th of September (other than those for motor vehicle sales tax, which are remitted daily), September 15th was too early in the month for sales tax trends to be meaningful.

Monthly motor fuels and rooms tax payments are due on September 20th, 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 September 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 September 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. Although it may not be as significant, but there is a possibility of payment delays that the recent tax filings and payments extensions granted for certain taxpayers who are affected by Tropical Storm Irene might cause on this month's and next two months' collections. (DOR granted automatic extensions of time until October 31, 2011 for those tax filings and payments otherwise required to be made by affected taxpayers between August 27, 2011 and October 31, 2011. The extension in general covers most tax returns and tax

payments, including estimated tax payments by individual, corporate and business taxpayers from the affected Massachusetts counties, namely Berkshire and Franklin.)

If you have any questions concerning this report, please contact either me (at 626-2201) or Kazim P. Ozyurt, Acting Director of the Office of Tax Policy Analysis (at 626-2100).

Sincerely,

A handwritten signature in black ink that reads "Navjeet K. Bal". The signature is written in a cursive style and is positioned above a light yellow rectangular background.

Navjeet K. Bal
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 September 2011 (in \$ Millions)

Tax Collections as of September 15, 2011, Compared to Same Collection Period in FY2011 and to the FY2012 Tax Revenue Estimate of \$20.615 Billion

	----- Month of September -----						----- FY12 Year-to-Date -----					
	09/11 MTD Collections	09/11 MTD v. 09/10 MTD \$ Change	09/11 MTD v. 09/10 MTD % Change	09/11 Full Month Benchmark (*)	% Growth from 09/10 Assumed in Monthly Benchmark	\$ Needed to Reach 09/11 Full Month Benchmark (*)	09/11 FY12 YTD Collections	09/11 FY12 YTD \$ Change	09/11 FY12 YTD % Change	FY12 YTD Benchmark (**)	% Growth from 09/10 Assumed in FY12 YTD Benchmark	\$ Needed to Reach FY12 YTD Benchmark (**)
Income - Total	546	73	15.5%	1,067	2.3%	521	2,134	136	6.8%	2,663	3.7%	529
Income Withholding	413	31	8.1%	733	4.9%	319	1,938	85	4.6%	2,276	5.0%	338
Income Est. Payments (Cash)	129	47	57.5%	333	(1.8%)	204	168	26	18.0%	364	(9.0%)	196
Income Returns/Bills	12	(13)	(53.1%)	44	(3.3%)	32	71	17	30.3%	104	38.6%	33
Income Refunds (Cash)	9	(7)	(45.6%)	40	3.0%	32	42	(9)	(16.8%)	78	6.0%	36
Sales & Use - Total	64	3	5.0%	405	1.2%	341	933	(1)	(0.1%)	1,286	1.0%	353
Sales - Regular	29	3	9.5%	272	(0.2%)	243	630	(11)	(1.6%)	883	(0.3%)	253
Sales - Meals	10	(0)	(1.4%)	79	3.6%	69	168	7	4.6%	234	3.5%	66
Sales - Motor Vehicles	25	1	2.6%	55	5.2%	30	135	2	1.6%	168	4.5%	33
Corporate & Business - Total	334	7	2.3%	428	2.0%	95	433	47	12.3%	493	2.8%	60
Corporate Excise	229	(21)	(8.3%)	316	(7.9%)	87	344	34	10.9%	382	(5.4%)	38
Insurance Excise	72	5	7.9%	79	3.7%	7	76	11	16.1%	78	3.5%	2
Financial Institutions Excise	31	21	215.0%	46	182.5%	15	43	34	347.7%	46	183.2%	2
Public Utilities Excise	2	2	N/A	(13)	N/A	(15)	(31)	(30)	N/A	(13)	(19.2%)	18
All Other	51	5	10.0%	152	(0.5%)	101	364	37	11.4%	432	(0.4%)	67
Total Tax Collections	994	88	9.7%	2,052	1.8%	1,058	3,864	220	6.0%	4,873	2.5%	1,009

(*) Benchmarks are based on the FY12 tax revenue estimate of \$20.615 billion

(**) Year-to-date benchmarks are year-to-date full month benchmark totals (i.e., July through September full month totals)

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