



NAVJEET K. BAL  
COMMISSIONER

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
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October 20, 2009

The Honorable Charles A. Murphy, 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 Steven C. Panagiotakos, 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 revenue tax collection report for the month of October 2009. The attached table shows October 2009 month-to-date and FY2010 year-to-date tax revenue collections through October 15, 2009, along with the dollar and percentage changes from the same collection period in October 2008. Also shown are the percentage growth amounts for the full month of October 2009 and for FY2010 year-to-date through the end of October 2009 that were assumed in the benchmarks corresponding to the FY2010 General Appropriation Act tax revenue estimate of \$18.879 billion. (Benchmarks for the October 15, 2009 estimate of \$18.279 billion released late last week are currently being developed and will be available before the end of the month.) Please note that the \$18.879 billion estimate and the October 2009 month-to-date and year-to-date budgetary fund collection totals do not include increased cigarette tax collections resulting from the July 2008 increase in the cigarette tax rate, which are dedicated to the Commonwealth

Care Trust Fund, a non-budgetary fund. However, the increase in cigarette tax collections resulting from the higher cigarette tax rate is shown in a separate line at the bottom of the table.

The monthly benchmark corresponding to the FY2010 consensus tax revenue estimate of \$18.879 billion projected October tax revenues of \$1.218 billion, an increase of \$68 million from October 2008, with most of that increase expected to come at the end of the month because of large financial institutions refunds paid out in the last week of October 2008 that were not expected to recur this year. Growth was also expected at the end of October 2009 because sales taxes are not due and processed until after October 15<sup>th</sup>.

Through October 15, 2009, October 2009 month-to-date tax collections totaled \$447 million, down \$3 million from the same period in October 2008. Of the main revenue sources, month-to-date income tax withholding totaled \$334 million, down \$10 million from the same period last year, month-to-date sales and use tax totaled \$59 million, up \$12 million from the same period last year, and month-to-date corporate and business taxes totaled \$26 million, up \$32 million from the same period last year. Income tax refunds totaled \$43 million, up \$20 million from the same period last October.

Several caveats are in order when considering the attached report:

- In October, the Commonwealth receives and deposits most of its revenues during the second half of the month, primarily because most non-motor vehicle sales, meals, motor fuels, and rooms tax payments are due on the 20<sup>th</sup> of each month. In particular, month-to-date growth comparisons with last October for sales and meals taxes 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;
- Most personal income tax refunds are processed in the last half of October, as tax returns for extension filers are due on October 15<sup>th</sup>. Corporate refunds also continue to be processed throughout October;
- There may be other differences in the due dates for certain tax payments from one fiscal year to the next (e.g., in 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 October 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 me (at 626-2201), or Howard Merkowitz, Director of the Office of Tax Policy Analysis (at 626-2100).

Sincerely,

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 Benjamin B. Downing, Senate Chair, Joint Committee on Revenue  
Representative Bradley H. Jones, Jr., House Minority Leader  
Senator Richard R. Tisei, Senate Minority Leader

## Mid-Month Tax Collection Report for October 2009 (in \$ Millions)

**Tax Collections as of October 15, 2009, Compared to Same Collection Period in FY09 and to Benchmarks Based on the FY2010 Tax Estimate of \$18.879 Billion**

----- Month of October -----							----- FY10 Year-to-Date -----					
	10/09 MTD Collections	10/09 MTD v. 10/08 MTD \$ Change	10/09 MTD v. 10/08 MTD % Change	10/09 Full Month Benchmark (*)	% Growth from 10/08 Assumed in Monthly Benchmark	\$ Needed to Reach 10/09 Full Month Benchmark (*)	10/09 FY10 YTD Collections	10/09 FY10 YTD \$ Change	10/09 FY10 YTD % Change	FY10 YTD Benchmark (*)(**)	% Growth from 10/08 Assumed in FY10 YTD Benchmark	\$ Needed to Reach FY10 YTD Benchmark (*)(**)
<b>Income - Total</b>	<b>321</b>	<b>(42)</b>	<b>(11.6%)</b>	<b>634</b>	<b>(18.8%)</b>	<b>313</b>	<b>2,727</b>	<b>(406)</b>	<b>(12.9%)</b>	<b>3,049</b>	<b>(14.1%)</b>	<b>322</b>
Income Withholding	334	(10)	(2.9%)	635	(12.3%)	301	2,398	(106)	(4.2%)	2,726	(5.5%)	328
Income Est. Payments (Cash)	12	(6)	(33.6%)	24	(40.0%)	12	367	(207)	(36.0%)	342	(42.5%)	(25)
Income Returns/Bills	17	(5)	(23.5%)	59	(37.6%)	42	96	(32)	(24.9%)	124	(38.1%)	28
Income Refunds (Cash)	43	20	89.8%	85	7.5%	42	136	60	79.8%	145	10.0%	9
<b>Sales &amp; Use - Total</b>	<b>59</b>	<b>12</b>	<b>24.4%</b>	<b>419</b>	<b>22.1%</b>	<b>361</b>	<b>1,128</b>	<b>38</b>	<b>3.5%</b>	<b>1,534</b>	<b>10.7%</b>	<b>407</b>
Sales - Regular	29	6	23.8%	307	21.7%	278	757	1	0.1%	1,079	9.5%	322
Sales - Meals	9	2	23.4%	69	23.9%	60	197	9	5.0%	263	11.2%	66
Sales - Motor Vehicles	21	4	25.7%	43	21.8%	23	173	27	18.9%	193	16.9%	19
<b>Corporate &amp; Business - Total</b>	<b>26</b>	<b>32</b>	<b>N/A</b>	<b>22</b>	<b>N/A</b>	<b>(4)</b>	<b>453</b>	<b>(83)</b>	<b>(15.5%)</b>	<b>588</b>	<b>39.3%</b>	<b>135</b>
Corporate Excise	(3)	(14)	N/A	36	6141.3%	39	302	(114)	(27.3%)	420	3.6%	118
Insurance Excise	0	(2)	(85.1%)	14	623.4%	14	77	(14)	(14.9%)	95	4.3%	18
Financial Institutions Excise	29	44	N/A	(13)	N/A	(42)	80	40	101.6%	76	(238.1%)	(4)
Public Utilities Excise	(0)	3	N/A	(15)	N/A	(15)	(7)	3	N/A	(3)	(85.4%)	4
<b>All Other</b>	<b>42</b>	<b>(4)</b>	<b>(9.4%)</b>	<b>142</b>	<b>(2.2%)</b>	<b>101</b>	<b>453</b>	<b>(29)</b>	<b>(6.1%)</b>	<b>572</b>	<b>(1.6%)</b>	<b>119</b>
<b>Total Tax Collections</b>	<b>447</b>	<b>(3)</b>	<b>(0.7%)</b>	<b>1,218</b>	<b>5.9%</b>	<b>771</b>	<b>4,760</b>	<b>(480)</b>	<b>(9.2%)</b>	<b>5,743</b>	<b>(3.3%)</b>	<b>983</b>

Memo: Cigarette Tax Increase for  
Commonwealth Care Trust Fund  
(Not in Estimate or Benchmarks)

5	0.2	4.7%	9	(25.8%)	4	36	(9)	(20.4%)	38	-28.4%	2
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(\*) Benchmarks are based on the FY10 Tax Estimate of \$18.879 Billion

(\*\*) YTD Benchmarks are YTD full month benchmark totals (i.e., July through October full month totals)

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