



NAVJEET K. BAL
COMMISSIONER

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

November 18, 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 November 2009. The attached table shows November 2009 month-to-date and FY2010 year-to-date tax revenue collections through November 13, 2009, along with the dollar and percentage changes from the same collection period in November 2008. Also shown are the percentage growth amounts for the full month of November 2009 and for FY2010 year-to-date through the end of November 2009 that were assumed in the benchmarks corresponding to the October 15, 2009 FY2010 tax revenue estimate of \$18.279 billion, which was a downward revision from the FY2010 General Appropriation Act tax revenue estimate of \$18.879 billion. Please note that the \$18.279 billion estimate and the November 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 tax revenue estimate of \$18.279 billion projected November tax revenues of \$1.278 billion, an increase of \$21 million from November 2008.

Through November 13, 2009, November 2009 month-to-date tax collections totaled \$463 million, down \$21 million from the same period in November 2008. Of the main revenue sources, month-to-date income tax withholding totaled \$422 million, up \$6 million from the same period last year, month-to-date sales and use tax totaled \$41 million, equal to collections over the same period last year, and month-to-date corporate and business taxes totaled \$3 million, down \$8 million from the same period last year. Income tax refunds totaled \$57 million, up \$13 million from the same period last November.

It should be noted that while month-to-date withholding was up \$6 million from the same period in November 2008, that was below the amount needed to reach the full month November benchmark. (November 2009 month-to-date revenues were above collections over the same period last year due to a calendar-related change that shifted \$40-\$50 million from October to November this year.) The Department, in its press release announcing October 2009 tax collections, noted that while October's withholding revenues were \$28 million above that month's benchmark, that surplus was probably due to timing factors that inflated October collections but would likely be reversed in November. November 2009 withholding collections through November 13th, which were running below the monthly withholding benchmark, support the assumption that the October withholding surplus was an anomaly, and year-to-date withholding collections now appear to be running about on benchmark.

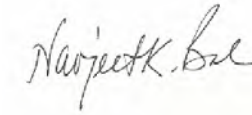
Two additional caveats are in order when considering the attached report:

- In November, the Commonwealth 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 20th of each month. In particular, month-to-date growth comparisons with last November 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;
- 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 13th day of November 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,

A handwritten signature in dark ink, appearing to read "Navjeet K. Bal". The signature is fluid and cursive, with the first name "Navjeet" being more prominent.

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 November 2009 (in \$ Millions)

Tax Collections as of November 13, 2009, Compared to Same Collection Period in FY2009 and Executive Office for Administration & Finance 10/15/09 Tax Estimate of \$18.279 Billion

	----- Month of November -----						----- FY10 Year-to-Date -----					
	11/09 MTD Collections	11/09 MTD v. 11/08 MTD \$ Change	11/09 MTD v. 11/08 MTD % Change	11/09 Full Month Benchmark (*)	% Growth from 11/08 Assumed in Monthly Benchmark	\$ Needed to Reach 11/09 Full Month Benchmark (*)	11/09 FY10 YTD Collections	11/09 FY10 YTD \$ Change	11/09 FY10 YTD % Change	FY10 YTD Benchmark (**)	% Growth from 11/08 Assumed in FY10 YTD Benchmark	\$ Needed to Reach FY10 YTD Benchmark (**)
Income - Total	380	(9)	(2.3%)	754	1.5%	374	3,437	(503)	(12.8%)	3,794	(11.6%)	357
Income Withholding	422	6	1.5%	805	3.9%	383	3,157	(142)	(4.3%)	3,512	(4.0%)	355
Income Est. Payments (Cash)	6	0	0.0%	8	(35.0%)	2	385	(216)	(35.9%)	389	(36.0%)	4
Income Returns/Bills	10	(1)	(7.7%)	17	(33.3%)	7	159	(52)	(24.6%)	160	(28.9%)	1
Income Refunds (Cash)	57	13	29.2%	78	9.1%	21	266	90	51.0%	272	33.5%	6
Sales & Use - Total	41	0	0.2%	376	20.5%	334	1,514	86	6.0%	1,843	8.5%	329
Sales - Regular	18	(3)	(13.6%)	277	19.3%	258	1,040	33	3.3%	1,297	6.5%	257
Sales - Meals	7	(0)	(2.1%)	63	21.5%	57	262	19	7.9%	318	10.2%	55
Sales - Motor Vehicles	17	3	23.2%	36	28.5%	20	212	34	19.0%	229	18.5%	17
Corporate & Business - Total	3	(8)	(73.2%)	7	(3.6%)	4	444	11	2.5%	461	7.4%	17
Corporate Excise	4	(17)	(80.2%)	4	(68.5%)	(0)	289	(138)	(32.3%)	291	(30.2%)	3
Insurance Excise	0	0	86.6%	0	4.8%	(0)	78	(14)	(15.1%)	80	(13.0%)	2
Financial Institutions Excise	1	0	27.6%	6	(4.0%)	5	86	140	N/A	97	(298.8%)	12
Public Utilities Excise	(2)	8	N/A	(2)	N/A	(0)	(8)	23	N/A	(7)	(76.8%)	1
All Other	39	(4)	(9.3%)	141	(27.4%)	102	606	(18)	(2.8%)	693	(10.7%)	87
Total Tax Collections	463	(21)	(4.3%)	1,278	1.7%	815	6,001	(423)	(6.6%)	6,791	(5.6%)	790

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

2	(3)	(62.0%)	9	28.1%	8	41	(16)	(27.7%)	47	-21.5%	6
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(*) Benchmarks are based on 10/15/09 FY10 tax revenue estimate of \$18.279 billion

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

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