



NAVJEET K. BAL
COMMISSIONER

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

January 20, 2011

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

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 January 2011. The attached table shows January 2011 month-to-date and FY2011 year-to-date tax revenue collections through January 14, 2011, along with the dollar and percentage changes from the same collection period in January 2010. Also shown are the percentage growth amounts for the full month of January 2011 and for FY2011 year-to-date through the end of January 2011 that were assumed in the benchmarks corresponding to the January 18, 2011 FY2011 tax revenue estimate of \$19.784 billion, which was an upward revision from the GAA (adjusted for the impacts of the economic development bill and the sales tax holidays in August 2010) FY2011 tax revenue estimate of \$19.078 billion. Please note that the \$19.784 billion estimate and the January 2011 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 revised FY2011 tax revenue estimate of \$19.784 billion projected January tax revenues of \$2.026 billion, an increase of \$181 million from January 2010 tax collections. The projected growth mainly reflects a shift of monthly/quarterly withholding payments from February to January (about \$77 million), as well as increases in income estimated payments, withholding and sales taxes reflecting slightly improved economic conditions and having one more deposit day this year than last year.

Through January 14, 2011, January 2011 month-to-date tax collections totaled \$948 million, up \$66 million from the same period in January 2010. Of the main revenue sources, month-to-date income tax withholding totaled \$537 million, up \$56 million from the same period last year, month-to-date income tax estimated payments totaled \$317 million, up \$47 million from the same period last year, month-to-date sales and use tax totaled \$55 million, down \$9 million from the same period last year, and month-to-date corporate/business taxes totaled -\$3 million, down \$33 million from the same period last year. Corporate and business refunds totaled \$27 million, up \$9 million from the same period last January, \$4 million above the monthly benchmark.

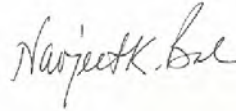
Several additional caveats are in order when considering the attached report:

- In January, the Commonwealth usually 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, and a large percentage of income tax estimated payments is received after January 15th. Therefore, month-to-date growth comparisons with last January for sales tax, meals tax, and income tax estimated 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 which complicate month-to-date comparisons to the prior year.

As a result of these considerations, revenues received through the 14th day of January 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 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 with a large initial 'N' and a long, sweeping underline.

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 Bruce Tarr, Senate Minority Leader

Mid-Month Tax Collection Report for January 2011 (in \$ Millions)

Tax Collections as of January 14, 2011, Compared to Same Collection Period in FY2010 and to the 1/18/11 FY2011 Tax Revenue Estimate of \$19.784 Billion

| | ----- Month of January ----- | | | | | | ----- FY11 Year-to-Date ----- | | | | | |
|---|------------------------------|----------------------------------|---------------------------------|--------------------------------|--|---|-------------------------------|--------------------------|-------------------------|---------------------------|---|--|
| | 01/11 MTD Collections | 01/11 MTD v. 01/10 MTD \$ Change | 01/11 MTD v. 01/10 MTD % Change | 01/11 Full Month Benchmark (*) | % Growth from 01/10 Assumed in Monthly Benchmark | \$ Needed to Reach 01/11 Full Month Benchmark (*) | 01/11 FY11 YTD Collections | 01/11 FY11 YTD \$ Change | 01/11 FY11 YTD % Change | FY11 YTD Benchmark (**)** | % Growth from 01/10 Assumed in FY11 YTD Benchmark | \$ Needed to Reach FY11 YTD Benchmark (**)** |
| Income - Total | 854 | 110 | 14.7% | 1,360 | 12.6% | 506 | 6,141 | 642 | 11.7% | 6,647 | 11.5% | 506 |
| Income Withholding | 537 | 56 | 11.6% | 937 | 15.1% | 400 | 5,133 | 327 | 6.8% | 5,534 | 7.7% | 400 |
| Income Est. Payments (Cash) | 317 | 47 | 17.3% | 463 | 6.1% | 146 | 1,036 | 242 | 30.5% | 1,182 | 23.1% | 146 |
| Income Returns/Bills | 8 | (5) | (38.2%) | 29 | 6.6% | 21 | 199 | (18) | (8.4%) | 219 | (4.9%) | 21 |
| Income Refunds (Cash) | 9 | (12) | (58.0%) | 78 | (0.6%) | 69 | 225 | (96) | (29.9%) | 293 | (22.3%) | 69 |
| Sales & Use - Total | 55 | (9) | (14.1%) | 470 | 4.6% | 415 | 2,547 | 252 | 11.0% | 2,962 | 10.5% | 415 |
| Sales - Regular | 26 | (9) | (25.6%) | 364 | 3.8% | 337 | 1,789 | 183 | 11.4% | 2,126 | 10.7% | 337 |
| Sales - Meals | 8 | (2) | (23.1%) | 65 | 4.2% | 58 | 435 | 44 | 11.4% | 493 | 11.1% | 58 |
| Sales - Motor Vehicles | 21 | 2 | 11.8% | 41 | 12.9% | 20 | 323 | 25 | 8.4% | 343 | 8.7% | 20 |
| Corporate & Business - Total | (3) | (33) | N/A | 56 | 3.0% | 59 | 930 | 24 | 2.7% | 989 | 6.4% | 59 |
| Corporate Excise | 0 | (19) | (98.6%) | 38 | 3.8% | 38 | 855 | 178 | 26.3% | 893 | 28.5% | 38 |
| Insurance Excise | (1) | (1) | N/A | 1 | 2.7% | 2 | 100 | (5) | (5.2%) | 102 | (4.2%) | 2 |
| Financial Institutions Excise | (3) | (14) | N/A | 18 | 1.3% | 21 | (12) | (138) | N/A | 9 | (93.6%) | 21 |
| Public Utilities Excise | 0 | 1 | N/A | (1) | N/A | (1) | (13) | (10) | N/A | (14) | 297.2% | (1) |
| All Other | 42 | (2) | (3.6%) | 140 | 5.0% | 98 | 925 | 29 | 3.3% | 1,023 | 3.8% | 98 |
| Total Tax Collections | 948 | 66 | 7.4% | 2,026 | 9.8% | 1,078 | 10,543 | 948 | 9.9% | 11,621 | 10.1% | 1,078 |

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

| | | | | | | | | | | | | |
|--|---|-----|--------|----|-------|---|----|---|------|----|------|---|
| | 5 | (0) | (5.9%) | 11 | 22.5% | 7 | 69 | 5 | 7.8% | 71 | 3.8% | 2 |
|--|---|-----|--------|----|-------|---|----|---|------|----|------|---|

(*) Benchmarks are based on the 1/18/11 FY11 tax revenue estimate of \$19.784 billion

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

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