



NAVJEET K. BAL  
COMMISSIONER

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
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January 21, 2010

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 January 2010. The attached table shows January 2010 month-to-date and FY2010 year-to-date tax revenue collections through January 15, 2010, along with the dollar and percentage changes from the same collection period in January 2009. Also shown are the percentage growth amounts for the full month of January 2010 and for FY2010 year-to-date through the end of January 2010 that were assumed in the benchmarks corresponding to the January 7, 2010 FY2010 tax revenue estimate of \$18.460 billion, which was an upward revision from the October 15, 2009 FY2010 tax revenue estimate of \$18.279 billion. Please note that the \$18.460 billion estimate and the January 2010 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 \$18.460 billion projects January tax revenues of \$1.810 billion, an increase of \$19 million from January 2009 tax collections. The projected increase reflects continuing projected declines in withholding taxes and income tax estimated payments, offset by increases in sales taxes due to the sales tax rate increase and elimination of the sales tax exemption for alcoholic beverages.

Through January 15, 2010, January 2010 month-to-date tax collections totaled \$881 million, up \$20 million from the same period in January 2009. Of the main revenue sources, month-to-date income tax withholding totaled \$481 million, up \$43 million from the same period last year, month-to-date income tax estimated payments totaled \$270 million, down \$33 million from the same period last year, sales and use tax totaled \$64 million, up \$14 million from the same period last year, and month-to-date corporate/business taxes totaled \$29 million, up \$12 million from the same period last year.

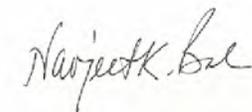
Several additional caveats are in order when considering the attached report:

- 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 20<sup>th</sup> of each month, and a large percentage of income tax estimated payments are received after January 15<sup>th</sup>. 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 15<sup>th</sup> 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 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 January 2010 (in \$ Millions)

Tax Collections as of January 15, 2010, Compared to Same Collection Period in FY2009 and Executive Office for Administration & Finance 1/7/10 Tax Estimate of \$18.460 Billion

	----- Month of January -----						----- FY10 Year-to-Date -----					
	01/10 MTD Collections	01/10 MTD v. 01/09 MTD \$ Change	01/10 MTD v. 01/09 MTD % Change	01/10 Full Month Benchmark (*)	% Growth from 01/09 Assumed in Monthly Benchmark	\$ Needed to Reach 01/10 Full Month Benchmark (*)	01/10 FY10 YTD Collections	01/10 FY10 YTD \$ Change	01/10 FY10 YTD % Change	FY10 YTD Benchmark (**)	% Growth from 01/09 Assumed in FY10 YTD Benchmark	\$ Needed to Reach FY10 YTD Benchmark (**)
<b>Income - Total</b>	<b>744</b>	<b>(3)</b>	<b>(0.4%)</b>	<b>1,209</b>	<b>(4.7%)</b>	<b>466</b>	<b>5,498</b>	<b>(530)</b>	<b>(8.8%)</b>	<b>5,963</b>	<b>(9.0%)</b>	<b>466</b>
Income Withholding	481	43	9.8%	748	(2.6%)	267	4,806	(132)	(2.7%)	5,073	(3.7%)	267
Income Est. Payments (Cash)	270	(33)	(10.8%)	513	(7.2%)	243	794	(243)	(23.4%)	1,036	(19.5%)	243
Income Returns/Bills	13	1	6.0%	21	(5.0%)	8	217	(52)	(19.3%)	225	(19.3%)	8
Income Refunds (Cash)	21	14	187.4%	75	(2.2%)	54	320	98	44.1%	375	28.3%	54
<b>Sales &amp; Use - Total</b>	<b>64</b>	<b>14</b>	<b>28.7%</b>	<b>438</b>	<b>21.4%</b>	<b>374</b>	<b>2,295</b>	<b>241</b>	<b>11.7%</b>	<b>2,669</b>	<b>12.9%</b>	<b>374</b>
Sales - Regular	35	8	27.8%	345	22.3%	310	1,605	136	9.2%	1,915	11.1%	310
Sales - Meals	10	3	42.5%	59	22.1%	50	391	46	13.4%	441	14.1%	50
Sales - Motor Vehicles	19	4	24.3%	33	11.7%	14	299	59	24.8%	313	23.3%	14
<b>Corporate &amp; Business - Total</b>	<b>29</b>	<b>12</b>	<b>71.8%</b>	<b>30</b>	<b>19.1%</b>	<b>0</b>	<b>905</b>	<b>14</b>	<b>1.6%</b>	<b>904</b>	<b>0.7%</b>	<b>0</b>
Corporate Excise	19	5	38.5%	25	22.7%	7	677	(13)	(1.9%)	683	(2.0%)	7
Insurance Excise	0	(0)	(40.1%)	1	4.8%	0	105	(16)	(13.5%)	106	(13.2%)	0
Financial Institutions Excise	11	8	267.1%	3	0.0%	(7)	126	22	21.3%	119	13.6%	(7)
Public Utilities Excise	(1)	(1)	N/A	(0)	N/A	1	(3)	21	N/A	(3)	(89.1%)	1
<b>All Other</b>	<b>43</b>	<b>(4)</b>	<b>(7.5%)</b>	<b>133</b>	<b>(2.5%)</b>	<b>90</b>	<b>896</b>	<b>(52)</b>	<b>(5.5%)</b>	<b>986</b>	<b>(5.0%)</b>	<b>90</b>
<b>Total Tax Collections</b>	<b>881</b>	<b>20</b>	<b>2.3%</b>	<b>1,810</b>	<b>1.1%</b>	<b>929</b>	<b>9,593</b>	<b>(327)</b>	<b>(3.3%)</b>	<b>10,521</b>	<b>(3.0%)</b>	<b>929</b>

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

	7	(2)	(25.0%)	8	(19.1%)	1	66	(20)	(23.4%)	63	(27.1%)	(3)
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(\*) Benchmarks are based on 1/7/10 FY10 tax revenue estimate of \$18.460 billion

(\*\*) YTD Benchmarks are YTD 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.