



NAVJEET K. BAL
COMMISSIONER

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

March 18, 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 March 2010. The attached table shows March 2010 month-to-date and FY2010 year-to-date tax revenue collections through March 16, 2010, along with the dollar and percentage changes from the same collection period in March 2009. Also shown are the percentage growth amounts for the full month of March 2010 and for FY2010 year-to-date through the end of March 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 March 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 March tax revenues of \$1.666 billion, an increase of \$63 million from March 2009 tax collections. The projected increase reflects continuing projected declines in withholding taxes, offset by increases in sales taxes due to the sales tax rate increase and elimination of the sales tax exemption for alcoholic beverages. Corporate and business tax collections are also projected to decline by \$13 million compared to March 2009.

Through March 15, 2010, March 2010 month-to-date tax collections totaled \$758 million, down \$125 million from the same period in March 2009, with virtually the entire decrease resulting from corporate and business taxes, particularly the financial institutions excise tax. Month-to-date income tax withholding totaled \$421 million, up \$9 million from the same period last year, with the full month benchmark projecting a decline of \$11 million. March 2010 month-to-date income tax cash refunds totaled \$180 million, up \$12 million from the same period in March 2009, sales and use tax totaled \$52 million, up \$9 million from the same period last year, and month-to-date corporate/business taxes totaled \$398 million, down \$123 million from the same period last year, with \$85 million of that decline the result of a drop in financial institutions excise tax payments. Some of the month-to-date decline in corporate/business taxes was due to the reduction of the corporate tax rate from 9.5 percent to 8.75 percent and the financial institutions tax rate from 10.5% to 10.0%, both of which took effect January 1, 2010. Some of the corporate/business tax decline – particularly in financial institutions and insurance taxes – may have been due to increased use of transferable film and historic rehabilitation tax credits.

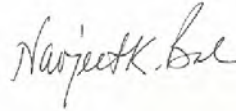
Several caveats are in order when considering the attached report:

- In March, the Commonwealth usually receives and deposits a significant proportion of the month's 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 on the 22nd of this month, as the 20th falls on a Saturday), and final payments with corporate and business tax returns and extensions are received through the end of the month. Therefore, month-to-date growth comparisons with last March for sales tax, meals tax, motor fuels tax, and corporate/business payments with returns and extensions 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, there is no meaningful month-date estimate against actual collections can be compared, and revenues received through the 15th day of March 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 cursive script that reads "Navjeet K. Bal".

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 March 2010 (in \$ Millions)

Tax Collections as of March 15, 2010, Compared to Same Collection Period in FY2009 and Executive Office for Administration & Finance 1/07/10 Tax Estimate of \$18.460 Billion

	----- Month of March -----						----- FY10 Year-to-Date -----					
	03/10 MTD Collections	03/10 MTD v. 03/09 MTD \$ Change	03/10 MTD v. 03/09 MTD % Change	03/10 Full Month Benchmark (*)	% Growth from 03/09 Assumed in Monthly Benchmark	\$ Needed to Reach 03/10 Full Month Benchmark (*)	03/10 FY10 YTD Collections	03/10 FY10 YTD \$ Change	03/10 FY10 YTD % Change	FY10 YTD Benchmark (**)	% Growth from 03/09 Assumed in FY10 YTD Benchmark	\$ Needed to Reach FY10 YTD Benchmark (**)
Income - Total	270	(6)	(2.3%)	533	2.1%	263	6,688	(635)	(8.7%)	6,970	(7.9%)	283
Income Withholding	421	9	2.2%	750	(1.4%)	329	6,322	(167)	(2.6%)	6,611	(3.3%)	289
Income Est. Payments (Cash)	4	(1)	(17.1%)	12	(5.0%)	8	972	(334)	(25.6%)	1,063	(19.1%)	91
Income Returns/Bills	25	(2)	(6.7%)	80	16.8%	55	285	(51)	(15.3%)	335	(11.5%)	49
Income Refunds (Cash)	180	12	7.5%	309	(3.4%)	129	901	83	10.2%	1,042	7.4%	141
Sales & Use - Total	52	9	22.4%	341	24.2%	289	3,076	391	14.6%	3,347	14.8%	271
Sales - Regular	20	0	0.5%	242	24.4%	222	2,187	241	12.4%	2,403	13.3%	216
Sales - Meals	7	1	17.1%	54	23.8%	47	507	71	16.4%	548	15.7%	41
Sales - Motor Vehicles	24	8	51.7%	45	24.0%	20	381	79	26.1%	396	22.9%	15
Corporate & Business - Total	398	(123)	(23.6%)	678	(1.9%)	280	1,386	(76)	(5.2%)	1,625	(0.4%)	239
Corporate Excise	291	(6)	(2.0%)	449	1.7%	158	1,039	7	0.7%	1,170	(0.5%)	131
Insurance Excise	84	(12)	(12.9%)	106	(7.6%)	22	192	(28)	(12.6%)	213	(10.4%)	21
Financial Institutions Excise	23	(85)	(78.9%)	97	(15.4%)	74	157	(56)	(26.4%)	217	(1.6%)	60
Public Utilities Excise	0.4	(19)	(97.7%)	26	29.5%	25	(3)	1	N/A	24	(771.6%)	27
All Other	38	(5)	(11.0%)	115	(1.2%)	77	1,169	(49)	(4.0%)	1,252	(3.1%)	83
Total Tax Collections	758	(125)	(14.1%)	1,666	3.9%	908	12,318	(368)	(2.9%)	13,194	(1.6%)	876

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

	2	(1)	(32.9%)	8	(37.5%)	6	75	(21)	(22.2%)	79	(24.9%)	4
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(*) Benchmarks are based on 1/07/10 FY10 tax revenue estimate of \$18.460 billion

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

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