



NAVJEET K. BAL
COMMISSIONER

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

April 16, 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 2009, the Department of Revenue hereby submits its mid-month tax revenue report for the month of April 2010. The attached table shows April 2010 month-to-date and FY2010 year-to-date tax revenue collections through April 15, 2010, along with the dollar and percentage changes from the same collection period in April 2009. Also shown are the percentage growth amounts for the full month of April 2010 and for FY2010 year-to-date through the end of April 2010 that were assumed in the benchmarks corresponding to the January 7, 2010 FY2010 tax revenue estimate of \$18.460 billion. Please note that the \$18.460 billion estimate and the April 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.

Due to the recent flooding in Massachusetts, state and federal tax filing deadlines for taxpayers located in counties designated as disaster areas by the federal government have been extended from April 15, 2010 to May 11, 2010. This extension applies to 2009 income and corporate tax returns and extensions, quarterly income tax and corporate tax estimated payments, and the estate tax. As a result of this extension, it is possible that a substantial amount of tax revenue (especially payments with income tax returns and extensions) that is usually remitted in April will be delayed until May. However, at this point it is impossible to estimate reliably how much tax revenue will be affected by the extended due date.

Through April 15, 2010, April 2010 month-to-date tax collections totaled \$597 million, up \$81 million from the same period in April 2009, with the full month benchmark (based on the \$18.460 billion estimate) projecting total tax revenues of \$2.000 billion, an increase of \$221 million from April 2009. The month-to-date increase through April 15th was primarily the result of growth in withholding, sales, and corporate/business taxes, and declines in income tax refunds, which offset declines in income tax payments with returns and extensions. Because approximately three-quarters of April tax revenue is typically received in the second half of the month, month-to-date revenue receipts through April 15th are not a reliable indicator of full month collections.

Month-to-date withholding taxes through April 15, 2010 totaled \$347 million, up \$15 million from the same period in April 2009, compared to the revised benchmark estimate that projects a withholding decline of \$3 million for the full month.

Month-to-date income tax cash estimated payments through April 15, 2010 totaled \$51 million, up \$4 million from the same period in April 2009, with the full month benchmark projecting a decline of \$12 million. About two-thirds to three-quarters of income tax estimated payments are typically received in the second half of the month, so month-to-date collections are not necessarily a good indicator of full month collections. Income tax estimated payments may also have been delayed due to the extension in the filing deadline.

Month-to-date income tax payments with returns and extensions through April 15, 2010 totaled \$207 million, down \$41 million from the same period in April 2009, compared with the full month benchmark that projects an increase of \$151 million for the full month. As of April 15th, a small proportion of the full month's payments with returns and extensions had been received, so collections as of that date are not a good indicator of payments for the month as a whole. In addition, as mentioned above, a substantial amount of payments with returns and extensions may be delayed due to the extension of the filing deadline from April 15, 2010 to May 11, 2010.

Month-to-date income tax cash refunds through April 15, 2010 totaled \$162 million, down \$41 million from the same period in April 2009, with the full month benchmark assuming a decline of \$76 million. Most of the month-to-date decline in income tax refunds is due to timing factors.

April is a relatively small month for corporate and business tax payments, although it does include payments from most large retail businesses. Through April 15, 2010 month-to-date corporate and business tax collections totaled \$57 million, up \$43 million from the same period in April 2009, compared to a \$48 million decline assumed in the monthly benchmark. Month-to-date growth is attributable to an increase in quarterly estimated payments, which are up \$24 million from the same period last year and already \$11 million above the full month benchmark, and a decline in refunds, which are down \$23 million from last April. The \$48 million full month decline projected in the April benchmark assumed that corporate and business tax refunds would decrease by \$50 million from April 2009; that \$50 million refund increase probably will not occur this month, but it is possible that the projected refunds will be issued before the end of FY2010 and reduce revenues in May or June.

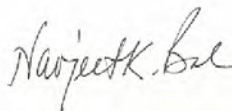
April 15th was too early in the month for sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until April 20th. The full month benchmark assumes growth of \$66 million in sales tax collections from April 2009, entirely due to new revenue from the sales tax rate increase and elimination of the sales tax exemption for alcoholic beverages. Therefore, month-to-date growth comparisons for the sales tax are not indicative of final collections for the full month. However, it is notable that motor vehicle sales tax revenues (which are remitted daily as motor vehicles are registered) continue to be strong, with month-to-date collections up \$9 million, or 49.8% from the same period in April 2010.

Finally, there may be differences in the due dates for certain tax payments from one fiscal year to the next (e.g., in withholding payments or the timing of refund cycles) which complicate month-to-date comparisons to the prior year.

As a result of the factors noted above, revenues received through April 15th as reported in the attached table may not be indicative of what the final results for the full month will be. Specifically, they do not necessarily represent one-half of the revenues to be received in the full month and the month-to-date growth rates compared to April 2009 could change significantly by the end of this month. Any variances from the monthly benchmark at this point in the month should not be relied on as an indicator of what total final revenues for the month will be, compared to the full month benchmarks.

If you have any questions concerning this report, please contact either 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 April 2010 (in \$ Millions)

Tax Collections as of April 15, 2010, Compared to Same Collection Period in FY2009 and Executive Office for Administration & Finance 01/07/10 Tax Estimate of \$18.460 Billion

	----- Month of April -----						----- FY10 Year-to-Date -----					
	04/10 MTD Collections	04/10 MTD v. 04/09 MTD \$ Change	04/10 MTD v. 04/09 MTD % Change	04/10 Full Month Benchmark (*)	% Growth from 04/09 Assumed in Monthly Benchmark	\$ Needed to Reach 04/10 Full Month Benchmark (*)	04/10 FY10 YTD Collections	04/10 FY10 YTD \$ Change	04/10 FY10 YTD % Change	FY10 YTD Benchmark (**)	% Growth from 04/09 Assumed in FY10 YTD Benchmark	\$ Needed to Reach FY10 YTD Benchmark (**)
Income - Total	442	19	4.6%	1,525	16.1%	1,083	7,415	(575)	(7.2%)	8,496	(4.3%)	1,081
Income Withholding	347	15	4.5%	662	(0.5%)	315	7,051	(118)	(1.6%)	7,273	(3.1%)	222
Income Est. Payments (Cash)	51	4	9.6%	157	(7.0%)	106	1,030	(331)	(24.3%)	1,220	(17.7%)	190
Income Returns/Bills	207	(41)	(16.5%)	1,013	17.5%	807	531	(94)	(15.1%)	1,348	8.6%	816
Income Refunds (Cash)	162	(41)	(20.3%)	306	(19.9%)	144	1,206	32	2.8%	1,348	(0.3%)	142
Sales & Use - Total	64	18	37.9%	375	21.5%	311	3,441	479	16.2%	3,722	15.4%	281
Sales - Regular	30	8	35.5%	270	21.3%	240	2,440	298	13.9%	2,673	14.1%	232
Sales - Meals	8	1	16.3%	62	24.6%	54	564	83	17.3%	610	16.6%	46
Sales - Motor Vehicles	26	9	49.8%	43	18.0%	17	437	97	28.7%	439	22.4%	2
Corporate & Business - Total	57	43	313.0%	(21)	N/A	(78)	1,643	(2)	(0.1%)	1,604	(3.3%)	(39)
Corporate Excise	53	16	43.0%	51	5.0%	(2)	1,233	19	1.6%	1,221	(0.3%)	(12)
Insurance Excise	(1)	18	N/A	(19)	N/A	(18)	207	(12)	(5.7%)	194	(11.3%)	(13)
Financial Institutions Excise	5	10	N/A	(53)	N/A	(58)	206	(10)	(4.7%)	164	(24.7%)	(42)
Public Utilities Excise	0	0	N/A	1	0.0%	1	(2)	1	N/A	25	(1002.5%)	27
All Other	34	0	0.1%	120	(7.4%)	86	1,283	(42)	(3.2%)	1,372	(3.5%)	89
Total Tax Collections	597	81	15.6%	2,000	12.4%	1,403	13,782	(141)	(1.0%)	15,194	0.1%	1,412

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

	4.0	1	56.9%	8	5.4%	4	89	(19)	(17.5%)	87	(22.8%)	(2)
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(*) Benchmarks are based on 01/07/10 FY10 tax revenue estimate of \$18.460 billion

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

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