



AMY PITTER
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Office of the Commissioner
P.O. Box 9550
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May 18, 2012

The Honorable Brian S. Dempsey, 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 Stephen M. Brewer, 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 tax collection report for May 2012. The attached table shows May 2012 month-to-date and FY2012 year-to-date tax revenue collections through May 15, 2012, along with the dollar and percentage changes from the same collection period in May 2011. Also shown are the percentage growth amounts for the full month of May 2012 and for FY2012 year-to-date through the end of May 2012 that were assumed in the benchmarks corresponding to the FY2012 tax revenue estimate of \$21.010 billion, which was revised by

the Executive Office for Administration and Finance on October 17, 2011 and kept unchanged after the consensus revenue hearing held on December 12, 2011.

The May 2012 benchmark corresponding to the FY2012 tax revenue estimate of \$21.010 billion totals \$1.449 billion, a decrease of \$56 million, or 3.7% actual, but an increase of 3.8% baseline from May 2011. The expected decrease is partly due to timing related revenue shifts (e.g., last day of April falls on a weekday this year, but it fell on a weekend last April, so last monthly/quarterly withholding payment will shift from May to April this year). There are several tax law changes and other factors that are assumed to affect revenue collections: incremental impact from the cut in the corporate and financial institutions tax rates (-\$0.6 million); the incremental impact from refundable dairy farm tax credit (-\$0.4 million); enhanced tax enforcements (+\$5.4 million); as well as several non-recurring estate and corporate and business tax collections that came in last May but will not repeat this year. Income tax rate reduction (5.3% to 5.25%), which went into effect on 1/1/2012, is also assumed to affect collections this month (-\$6.8 million). One of the offsetting factors is having an extra deposit day this month relative to last May, which will improve revenues by about \$10-12 million.

Through May 15, 2012, May 2012 month-to-date tax collections totaled \$832 million, up \$60 million from the same period in May 2011. Most activity so far is in withholding, income tax payments with returns and extensions, income tax refunds, corporate and business tax collections. Corporate and business collections received a significant boost from non-recurring payments that came earlier in the month.

Month-to-date withholding taxes through May 15, 2012 totaled \$412 million, down \$40 million from the same period in May 2011, compared to the withholding benchmark estimate that projects a decline of \$16 million for the full month. Withholding payment details indicate that the expected quarterly withholding payments shift (from May to April) took place on the first day of the month. As there are two major weekly withholding payments yet to be received in the month, it is too early to assess its actual performance.

Month-to-date income tax payments with returns and extensions through May 15, 2012 totaled \$105 million, down \$15 million from the same period in May 2011, compared with the full month benchmark that projects an increase of \$8 million for the full month. Virtually all tax year 2011 income tax payments with returns and extensions have now been deposited, though a small number of additional payments will be received and processed over the remainder of May. Since April is a significant month for this tax category, looking at the April-May combined total of payments with returns and extensions along with offsetting two-month refund totals, and then comparing the results to the two-month benchmark for the same revenue sources would be more meaningful.

Month-to-date income tax cash refunds through May 15, 2012 totaled \$44 million, up \$7 million from the same period in May 2011, with the full month benchmark assuming an increase of \$1.8 million. Some of the month-to-date increase in income tax refunds might be due to timing related factors so it is too early in the month to make any judgments about the performance of refunds relative to the monthly benchmark.

May is a relatively small month for corporate and business tax payments. Through May 15, 2012 month-to-date corporate and business tax collections totaled \$218 million, up \$174 million from the same period in May 2011, compared to a \$14 million decline assumed in the monthly benchmark. Month-to-date increase (see DOR's April press release) was caused by non-recurring payments received earlier in the month.

Month-to-date sales and use tax collections through May 15, 2012 totaled \$67 million, down \$5 million from the same period last year with the full month benchmark projecting a growth of \$20 million. It is too early to assess the performance of sales and use tax collections for April retail and meals sales activity as most payments will be submitted on May, 21st (usual due date of the 20th falls on a Sunday this year). In addition, monthly motor fuels and rooms tax payments are also due on the 20th of each month (21st of this month). Therefore, month-to-date growth comparisons for those tax types before the third week of the month are not necessarily indicative of final collections for the full month.

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 May 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 May 2011 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 Kazim P. Ozyurt, Director of the Office of Tax Policy Analysis (at 626-2100).

Sincerely,



Amy Pitter
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 Katherine Clark, Senate Chair, Joint Committee on Revenue
Representative Bradley H. Jones, Jr., House Minority Leader
Senator Bruce Tarr, Senate Minority Leader
Steven Grossman, Treasurer and Receiver General

Mid-Month Tax Collection Report for May 2012 (in \$ Millions)

Tax Collections as of May 15, 2012, Compared to Same Collection Period in FY2011 and to the FY2012 Tax Revenue Estimate of \$21.010 Billion

	----- Month of May -----						----- FY12 Year-to-Date -----					
	05/12 MTD Collections	05/12 MTD v. 05/11 MTD \$ Change	05/12 MTD v. 05/11 MTD % Change	05/12 Full Month Benchmark (*)	% Growth from 05/11 Assumed in Monthly Benchmark	\$ Needed to Reach 05/12 Full Month Benchmark (*)	05/12 FY12 YTD Collections	05/12 FY12 YTD \$ Change	05/12 FY12 YTD % Change	FY12 YTD Benchmark (**)	% Growth from 05/11 Assumed in FY12 YTD Benchmark	\$ Needed to Reach FY12 YTD Benchmark (**)
Income - Total	485	(63)	(11.5%)	846	(1.1%)	361	10,338	186	1.8%	10,962	4.8%	624
Income Withholding	412	(40)	(8.8%)	740	(2.1%)	328	8,596	210	2.5%	9,095	4.7%	499
Income Est. Payments (Cash)	12	(1)	(10.0%)	21	0.9%	9	1,430	(21)	(1.5%)	1,513	3.7%	83
Income Returns/Bills	105	(15)	(12.6%)	152	5.8%	46	1,635	(4)	(0.2%)	1,720	3.5%	85
Income Refunds (Cash)	44	7	18.5%	66	2.8%	22	1,321	3	0.2%	1,360	1.1%	40
Sales & Use - Total	67	(5)	(7.0%)	420	5.0%	354	4,271	117	2.8%	4,561	1.8%	290
Sales - Regular	30	(5)	(14.2%)	289	4.2%	259	2,981	38	1.3%	3,212	0.8%	231
Sales - Meals	9	1	8.6%	72	4.5%	62	729	49	7.2%	769	3.9%	40
Sales - Motor Vehicles	27	(1)	(2.8%)	60	9.8%	32	560	30	5.7%	580	4.2%	20
Corporate & Business - Total	218	174	393.5%	40	(26.1%)	(178)	1,875	94	5.3%	1,736	(3.1%)	(140)
Corporate Excise	25	(12)	(32.5%)	33	0.8%	9	1,414	(208)	(12.8%)	1,521	(6.0%)	107
Insurance Excise	0	0	N/A	(2)	N/A	(2)	235	28	13.6%	221	8.0%	(13)
Financial Institutions Excise	193	185	2389.3%	9	(59.9%)	(184)	258	293	N/A	(6)	(69.9%)	(264)
Public Utilities Excise	(0)	0	N/A	(1)	N/A	(0)	(32)	(19)	N/A	(1)	(92.5%)	31
All Other	62	(46)	(42.4%)	142	(26.9%)	80	1,552	7	0.4%	1,576	(3.4%)	24
Total Tax Collections	832	60	7.8%	1,449	(3.7%)	617	18,036	405	2.3%	18,834	2.6%	798

(*) Benchmarks are based on the FY12 tax revenue estimate of \$21.010 billion

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

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