



NAVJEET K. BAL  
COMMISSIONER

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

June 17, 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 June 2010. The attached table shows June 2010 month-to-date and FY2010 year-to-date tax revenue collections through June 15, 2010, along with the dollar and percentage changes from the same collection period in June 2009. Also shown are the percentage growth amounts for the full month of June 2010 and for FY2010 year-to-date through the end of June 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 June 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.

June is an important tax collection month, as quarterly income tax and corporate/business tax payments are due on June 15<sup>th</sup>, though most income tax estimated payments are not received and deposited until later in the month. Through June 15, 2010, June 2010 month-to-date tax collections totaled \$953 million, up \$84 million, or 9.7%, from the same period in June 2009, with the full month benchmark (based on the \$18.460 billion estimate) projecting total tax revenues of \$1.882 billion, an increase of \$91 million, or 5.1%, from June 2009. The month-to-date increase through June 15th was primarily the result of growth in withholding and corporate/business taxes, and a decline in income tax refunds. Additional growth is expected when monthly sales tax payments are received on and after June 21<sup>st</sup>.

Month-to-date withholding taxes through June 15, 2010 totaled \$404 million, up \$30 million from the same period in June 2009, compared to the revised benchmark estimate that projects a withholding increase of \$24 million, or 3.5%, for the full month.

Month-to-date income tax cash estimated payments through June 15, 2010 totaled \$56 million, down \$14 million from the same period in June 2009, with the full month benchmark projecting a decline of \$20 million. Quarterly income tax estimated payments are due on June 15<sup>th</sup>, but since most are remitted by mail, about 75% of June's estimated payments are received and deposited after the due date and it is therefore too early in the month to know how this revenue source is performing.

Month-to-date income tax cash refunds through June 15, 2010 totaled \$26 million, down \$27 million from the same period in June 2009, with the full month benchmark assuming a decline of \$33 million.

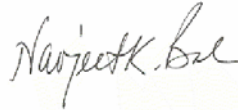
June is a significant month for corporate and business tax payments, as the second quarterly estimated payments for most corporations are due on June 15th. Through June 15, 2010 month-to-date corporate and business tax collections totaled \$374 million, up \$13 million from the same period in June 2009, with the full month benchmark projecting a decrease of \$14 million. The month-to-date growth is despite the fact that last June, \$49 million in non-recurring corporate/business tax settlement payments had been received by this point in the month. (These June 2009 one-time payments were taken into account when constructing the June 2010 monthly benchmark.) June 2010 month-to-date corporate/business estimated payments, which reflect current economic activity, total \$354 million, an increase of \$45 million, or 14.5%, from the same period last year.

June 15th was too early in the month for overall sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until June 21<sup>st</sup>. The full month sales tax benchmark assumes growth of \$64 million from June 2009, entirely due to new revenue from the sales tax rate increase and elimination of the sales tax exemption for alcoholic beverages. 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 through June 15th up \$8 million, or 35.1%, from the same period in June 2009, with the full month motor vehicle sales tax benchmark projecting growth of \$6 million, or 13.3%.

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 these differences and the other factors noted above, revenues received through June 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 June 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 Merkwitz, 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 and is positioned above a light-colored rectangular stamp.

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 June 2010 (in \$ Millions)

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

|   | ----- Month of June ----- |                                |                               |                               |   |  | ----- FY10 Year-to-Date ----- |                         |                        |                         |  |  |
|---|---------------------------|--------------------------------|-------------------------------|-------------------------------|---|--|-------------------------------|-------------------------|------------------------|-------------------------|--|--|
|   | 6/10 MTD Collections      | 6/10 MTD v. 6/09 MTD \$ Change | 6/10 MTD v. 6/09 MTD % Change | 6/10 Full Month Benchmark (*) | % Growth from 6/09 Assumed in Monthly Benchmark | \$ Needed to Reach 6/10 Full Month Benchmark (*) | 6/10 FY10 YTD Collections     | 6/10 FY10 YTD \$ Change | 6/10 FY10 YTD % Change | FY10 YTD Benchmark (**) | % Growth from 6/09 Assumed in FY10 YTD Benchmark | \$ Needed to Reach FY10 YTD Benchmark (**) |
| <b>Income - Total</b>                   | <b>461</b>                | <b>54</b>                      | <b>13.2%</b>                  | <b>935</b>                    | <b>5.1%</b>                                     | <b>474</b>                                       | <b>9,551</b>                  | <b>(550)</b>            | <b>(5.4%)</b>          | <b>10,270</b>           | <b>(3.0%)</b>                                    | <b>719</b>                                 |
| Income Withholding                      | 404                       | 30                             | 8.1%                          | 705                           | 3.5%  | 301  | 8,541                         | (60)                    | (0.7%)                 | 8,669                   | (2.7%)   | 128  |
| Income Est. Payments (Cash)             | 56                        | (14)                           | (20.7%)                       | 259                           | (7.0%)  | 204  | 1,229                         | (339)                   | (21.6%)                | 1,493                   | (16.0%)  | 265  |
| Income Returns/Bills                    | 29                        | 11                             | 67.1%                         | 45                            | 23.7%   | 16   | 1,236                         | (185)                   | (13.0%)                | 1,605                   | 11.5%  | 369  |
| Income Refunds (Cash)                   | 26                        | (27)                           | (50.4%)                       | 74                            | (30.7%)   | 48   | 1,462                         | (34)                    | (2.3%)                 | 1,501                   | (3.2%)   | 39   |
| <b>Sales &amp; Use - Total</b>          | <b>69</b>                 | <b>9</b>                       | <b>14.9%</b>                  | <b>396</b>                    | <b>19.2%</b>                                    | <b>327</b>                                       | <b>4,257</b>                  | <b>660</b>              | <b>18.4%</b>           | <b>4,501</b>            | <b>16.3%</b>                                     | <b>244</b>                                 |
| Sales - Regular                         | 29                        | (3)                            | (8.3%)                        | 278                           | 19.1%   | 249  | 3,018                         | 420                     | 16.2%                  | 3,226                   | 15.2%  | 209  |
| Sales - Meals                           | 11                        | 4                              | 54.4%                         | 70                            | 24.2%   | 58   | 697                           | 116                     | 19.9%                  | 742                     | 17.9%  | 46   |
| Sales - Motor Vehicles                  | 29                        | 8                              | 35.1%                         | 48                            | 13.3%   | 19   | 543                           | 125                     | 29.8%                  | 532                     | 21.1%  | (11)                                       |
| <b>Corporate &amp; Business - Total</b> | <b>374</b>                | <b>13</b>                      | <b>3.7%</b>                   | <b>406</b>                    | <b>(3.3%)</b>                                   | <b>31</b>  | <b>2,076</b>                  | <b>35</b>               | <b>1.7%</b>            | <b>2,032</b>            | <b>(3.2%)</b>                                    | <b>(44)</b>                                |
| Corporate Excise                        | 276                       | 24                             | 9.5%                          | 268                           | (13.4%)   | (9)  | 1,567                         | 76                      | 5.1%                   | 1,504                   | (2.9%)   | (64)                                       |
| Insurance Excise                        | 79                        | (3)                            | (3.1%)                        | 79                            | (2.8%)  | (1)  | 275                           | (36)                    | (11.6%)                | 283                     | (8.4%)   | 9  |
| Financial Institutions Excise           | 18                        | (7)                            | (27.8%)                       | 56                            | 97.4%   | 38   | 235                           | (3)                     | (1.5%)                 | 217                     | (10.6%)  | (18)                                       |
| Public Utilities Excise                 | 1                         | (1)                            | (65.9%)                       | 3                             | 173.1%  | 2  | (2)                           | (1)                     | N/A                    | 28                      | (1754.7%)  | 30   |
| <b>All Other</b>                        | <b>48</b>                 | <b>8</b>                       | <b>19.8%</b>                  | <b>145</b>                    | <b>(2.9%)</b>                                   | <b>97</b>  | <b>1,576</b>                  | <b>(23)</b>             | <b>(1.4%)</b>          | <b>1,658</b>            | <b>(2.9%)</b>                                    | <b>82</b>                                  |
| <b>Total Tax Collections</b>            | <b>953</b>                | <b>84</b>                      | <b>9.7%</b>                   | <b>1,882</b>                  | <b>5.1%</b>                                     | <b>929</b>                                       | <b>17,460</b>                 | <b>122</b>              | <b>0.7%</b>            | <b>18,460</b>           | <b>1.1%</b>                                      | <b>1,000</b>                               |

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

|  |   |   |        |   |        |   |     |     |        |     |         |     |
|--|---|---|--------|---|--------|---|-----|-----|--------|-----|---------|-----|
|  | 8 | 7 | 672.1% | 9 | (1.8%) | 0 | 113 | (9) | (7.6%) | 105 | (19.5%) | (8) |
|--|---|---|--------|---|--------|---|-----|-----|--------|-----|---------|-----|

(\*) Benchmarks are based on the January 7, 2010 FY10 tax revenue estimate of \$18.460 billion

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

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