



NAVJEET K. BAL
COMMISSIONER

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

September 18, 2009

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 revenue tax collection report for the month of September 2009. The attached table shows September 2009 month-to-date and FY2010 year-to-date tax revenue collections through September 15, 2009, along with the dollar and percentage changes from the same collection period in September 2008. Also shown are the percentage growth amounts for the full month of September 2009 and for FY2010 year-to-date through the end of September 2009 that were assumed in the benchmarks corresponding to the FY2010 General Appropriation Act tax revenue estimate of \$18.879 billion. (The \$18.879 billion estimate reflects the FY10 consensus tax estimate of \$17.989 billion adjusted for the impact of tax law changes enacted as part of the FY2010 budget.) Please note that the \$18.879 billion estimate and the September 2009 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.

Through September 15, 2009, September 2009 month-to-date tax collections totaled \$786 million, down \$114 million from the same period in September 2008, with the full month September benchmark (based on the FY10 consensus tax revenue estimate adjusted for subsequent tax law changes) projecting total tax revenues of \$2.009 billion, a decrease of \$90 million from September 2008. Most of the month-to-date decline through September 15th was the result of declines in income tax estimated payments, which were down \$49 million, or 50.4% from the same period in September 2008, income tax withholding payments, which were down \$13 million, or 3.5% from the same period in September 2008, and financial institutions excise payments, which were down \$32 million, or 68.1% from a year ago. As I mentioned in DOR's August 2009 tax collection report, August withholding collections were above benchmark (by \$49 million) due to timing factors, and we expect September 2009 to be below benchmark by about the same amount due to those same factors.

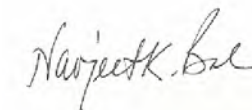
Several additional caveats are in order when considering the attached report:

- In September, the Commonwealth receives and deposits most of its revenues during the second half of the month, primarily because most quarterly income tax estimated payments, though due on September 15th, are remitted via mail and processed in the last two weeks of September, and non-motor vehicle sales, meals, motor fuels, and rooms tax payments are due on the 20th of each month. In particular, month-to-date growth comparisons with last September for income tax estimated payments and sales and meals taxes are not meaningful at this point. For these tax types, month-to-date growth 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 (e.g., in the timing of refund cycles) which complicate month-to-date comparisons to the prior year.

As a result of these considerations, revenues received through the 15th day of September 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: Leslie A. Kirwan, 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 September 2009 (in \$ Millions)

Tax Collections as of September 15, 2009, Compared to Same Collection Period in FY09 and to Benchmarks Based on General Appropriation Act Tax Estimate of \$18.879 Billion

----- Month of September -----							----- FY10 Year-to-Date -----					
	09/09 MTD Collections	09/09 MTD v. 09/08 MTD \$ Change	09/09 MTD v. 09/08 MTD % Change	09/09 Full Month Benchmark (*)	% Growth from 09/08 Assumed in Monthly Benchmark	\$ Needed to Reach 09/09 Full Month Benchmark (*)	09/09 FY10 YTD Collections	09/09 FY10 YTD \$ Change	09/09 FY10 YTD % Change	FY10 YTD Benchmark (**)(**)	% Growth from 09/08 Assumed in FY10 YTD Benchmark	\$ Needed to Reach FY10 YTD Benchmark (**)(**)
Income - Total	408	(74)	(15.4%)	1,023	(16.5%)	615	1,848	(179)	(8.8%)	2,415	(12.8%)	567
Income Withholding	361	(13)	(3.5%)	726	4.7%	365	1,765	(76)	(4.1%)	2,091	(3.2%)	326
Income Est. Payments (Cash)	48	(49)	(50.4%)	294	(42.9%)	246	74	(64)	(46.3%)	318	(42.7%)	245
Income Returns/Bills	11	(8)	(42.2%)	25	(28.4%)	14	64	(26)	(29.2%)	65	(38.6%)	1
Income Refunds (Cash)	12	4	50.6%	22	21.2%	9	55	12	27.6%	60	13.8%	5
Sales & Use - Total	54	5	9.8%	420	24.7%	366	740	(15)	(2.0%)	1,115	6.9%	375
Sales - Regular	22	1	3.0%	289	26.1%	268	489	(36)	(6.8%)	772	5.3%	283
Sales - Meals	10	2	19.2%	77	22.0%	67	125	(1)	(0.9%)	194	7.3%	69
Sales - Motor Vehicles	23	3	13.1%	54	21.5%	31	127	22	20.6%	149	15.6%	23
Corporate & Business - Total	286	(32)	(10.1%)	420	7.4%	133	438	(32)	(6.8%)	566	4.4%	128
Corporate Excise	201	6	3.2%	268	2.0%	67	314	(24)	(7.0%)	384	(5.1%)	70
Insurance Excise	70	(9)	(11.5%)	80	(9.4%)	10	72	(9)	(11.1%)	81	(9.2%)	9
Financial Institutions Excise	15	(32)	(68.1%)	60	32.0%	45	50	(6)	(10.4%)	89	63.0%	38
Public Utilities Excise	0	3	N/A	12	N/A	12	2	7	N/A	12	(279.6%)	10
All Other	38	(12)	(24.3%)	146	(0.5%)	109	307	(32)	(9.4%)	430	(1.4%)	123
Total Tax Collections	786	(114)	(12.6%)	2,009	(4.3%)	1,223	3,333	(257)	(7.2%)	4,525	(5.5%)	1,192

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

3	(7)	(68.2%)	9	(17.2%)	5	24	(10)	(29.0%)	27	(21.4%)	3
---	-----	---------	---	---------	---	----	------	---------	----	---------	---

(*) Benchmarks are Base on FY10 General Appropriation Act estimate of \$18.879 Billion

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

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