

AMY PITTER  
COMMISSIONER

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
*Office of the Commissioner*  
*P.O. Box 9550*  
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August 20, 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 Section 6 of Chapter 4 of the General Laws<sup>1</sup>, the Department of Revenue hereby submits its mid-month tax revenue report for the month of August 2012. The attached table shows August 2012 month-to-date and FY2013 year-to-date tax revenue collections through August 15, 2012, along with the dollar and percentage changes from the same collection period in August 2011. Also shown are the percentage growth amounts for the full month of August 2012 and for FY2013 year-to-date through the end of August 2012 that were assumed in the benchmarks corresponding to the FY2013 tax revenue estimate of \$22.011 billion. (The \$22.011 billion estimate is based on the FY2013 budget that was enacted by the Legislature on June 28, 2012 and approved by the Governor on July 8, 2012 and reflects the FY2013 consensus tax estimate of \$21.950 billion adjusted for the impact of FY2013 revenue

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<sup>1</sup> <http://www.malegislature.gov/Laws/GeneralLaws/PartI/TitleII/Chapter14/Section6>

initiatives (delayed FAS109 deductions, enhanced DOR tax enforcements) enacted as part of the FY2013 budget, and the sales tax holiday.

August is a relatively small tax collection month, as no quarterly payments are due for most income and corporate taxpayers. The August 2012 benchmark corresponding to the FY2013 tax revenue estimate of \$22.011 billion totals \$1.454 billion, \$29 million, or 2.0% higher than August 2011, and an increase of 4.4% baseline.

Through August 15, 2012, month-to-date tax collections total \$561 million, down \$32 million from the same period last August. Most activity so far in the month is in income tax withholding. Month-to-date withholding taxes through August 15, 2012 totaled \$414 million, down \$32 million from the same period in August 2011, compared to the benchmark estimate that projects a decline of \$2.3 million for the full month. (August withholding benchmark assumes that \$40-\$45 million revenues would shift from August to July this year because of the fact that the July 31st due date for monthly/quarterly withholding fell on a weekend last year and therefore pushed the collections to the first deposit day of last August; this shift reversed this year).

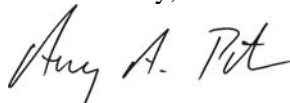
August sales tax is projected to grow by \$25 million, or 5.9% actual and 4.0% baseline. Please note that incremental revenue loss impact from this year's sales tax holiday (\$0.57 million, which is this year's estimated impact of \$21.55 million minus last year's impact of \$20.98 million) will not be felt until September when the tax payments generated from August sales are remitted. August 15<sup>th</sup> 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 August 20<sup>th</sup>. Through August 15<sup>th</sup>, month-to-date sales tax collections totaled \$73 million, up \$16 million from the same period last August.

As of August 15, 2012, month-to-date corporate/business tax collections totaled \$21 million, down \$5 million from the same period in August 2011, with the full month benchmark projecting a decline of \$6 million.

Monthly motor fuels and rooms tax payments are due on August 20<sup>th</sup> this year, and there may be other 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 factors, revenues received through August 15<sup>th</sup> 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 August 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 August 2012 (in \$ Millions)

Tax Collections as of August 15, 2012, Compared to Same Collection Period in FY2012 and to the FY2013 Tax Revenue Estimate of \$22.011 Billion

	----- Month of August -----						----- FY13 Year-to-Date -----					
	08/12 MTD Collections	08/12 MTD v. 08/11 MTD \$ Change	08/12 MTD v. 08/11 MTD % Change	08/12 Full Month Benchmark (*)	% Growth from 08/12 Assumed in Monthly Benchmark	\$ Needed to Reach 08/12 Full Month Benchmark (*)	08/12 FY13 YTD Collections	08/12 FY13 YTD \$ Change	08/12 FY13 YTD % Change	FY13 YTD Benchmark (*)(**)	% Growth from 08/12 Assumed in FY13 YTD Benchmark	\$ Needed to Reach FY13 YTD Benchmark (*)(**)
<b>Income - Total</b>	<b>418</b>	<b>(42)</b>	<b>(9.2%)</b>	<b>799</b>	<b>0.6%</b>	<b>381</b>	<b>1,204</b>	<b>(51)</b>	<b>(4.0%)</b>	<b>1,638</b>	<b>3.1%</b>	<b>435</b>
Income Withholding	414	(32)	(7.2%)	760	(0.3%)	346	1,153	(55)	(4.5%)	1,565	2.7%	412
Income Est. Payments (Cash)	8	(3)	(30.7%)	24	6.1%	17	40	13	49.3%	41	4.8%	0
Income Returns/Bills	12	(3)	(21.6%)	39	18.2%	27	32	(10)	(24.0%)	67	12.5%	35
Income Refunds (Cash)	15	4	39.2%	23	1.4%	8	24	2	9.0%	34	0.9%	10
<b>Sales &amp; Use - Total</b>	<b>73</b>	<b>16</b>	<b>27.7%</b>	<b>445</b>	<b>5.9%</b>	<b>372</b>	<b>534</b>	<b>28</b>	<b>5.5%</b>	<b>913</b>	<b>5.1%</b>	<b>379</b>
Sales - Regular	33	14	75.8%	295	5.5%	262	353	13	3.9%	626	4.2%	273
Sales - Meals	11	2	16.3%	87	6.9%	76	94	8	9.3%	168	6.1%	73
Sales - Motor Vehicles	29	0	0.2%	63	6.6%	34	86	6	8.0%	119	8.4%	33
<b>Corporate &amp; Business - Total</b>	<b>21</b>	<b>(5)</b>	<b>(20.1%)</b>	<b>44</b>	<b>(11.5%)</b>	<b>23</b>	<b>88</b>	<b>12</b>	<b>16.3%</b>	<b>91</b>	<b>(7.9%)</b>	<b>3</b>
Corporate Excise	21	(35)	(62.5%)	63	(12.6%)	42	87	(12)	(12.1%)	108	(6.2%)	21
Insurance Excise	0	0	44.1%	4	8.7%	4	6	5	1599.7%	4	4.6%	(1)
Financial Institutions Excise	(0)	(7)	N/A	(1)	N/A	(1)	2	(10)	(80.6%)	0	(97.4%)	(2)
Public Utilities Excise	0	36	N/A	(22)	N/A	(22)	(7)	29	N/A	(22)	(34.3%)	(14)
<b>All Other</b>	<b>49</b>	<b>(0)</b>	<b>(0.0%)</b>	<b>166</b>	<b>3.3%</b>	<b>117</b>	<b>189</b>	<b>(12)</b>	<b>(6.1%)</b>	<b>296</b>	<b>(5.4%)</b>	<b>107</b>
<b>Total Tax Collections</b>	<b>561</b>	<b>(32)</b>	<b>(5.4%)</b>	<b>1,454</b>	<b>2.0%</b>	<b>893</b>	<b>2,015</b>	<b>(23)</b>	<b>(1.1%)</b>	<b>2,939</b>	<b>2.4%</b>	<b>924</b>

(\*) Benchmarks are based on the FY13 tax revenue estimate of \$22.011 billion

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

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