

AMY PITTER
COMMISSIONER

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

July 19, 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 Laws¹, the Department of Revenue hereby submits its mid-month tax revenue report for the month of July 2012. The attached table shows July 2012 month-to-date and FY2013 year-to-date tax revenue collections through July 16, 2012, along with the dollar and percentage changes from the same collection period in July 2011. Also shown are the percentage growth amounts for the full month of July 2012 and for FY2013 year-to-date through the end of July 2012 that were assumed in the benchmarks corresponding to the FY2013 General Appropriation Act tax revenue estimate of \$22.032 billion. (The \$22.032 billion estimate reflects the FY2013 consensus tax estimate of \$21.950 billion adjusted for the impact of two changes affecting revenues: delayed FAS109 deductions and enhanced DOR tax enforcements.)

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

July is a relatively small tax collection month, as there are no quarterly estimated payments due for most businesses and individuals, with the exception of corporations in the retail industry, whose quarterly estimated payments are generally due in January, April, July and October. Through July 16, 2012, month-to-date tax collections totaled \$543 million, down \$33 million from the same period in July 2011, with the full month July benchmark (based on the \$22.032 billion FY2013 full year tax estimate) projecting total tax revenues of \$1.485 billion, an increase of \$40 million from July 2011 (July benchmarks assume that revenues would increase because of the fact that we have one more deposit day this July than we did a year ago (by about \$9 to \$11 million), partly offset by the impact of income tax rate reduction (5.3% to 5.25%), which went into effect on 1/1/2012 and is assumed to reduce collections by \$4 to \$5 million this month. The month-to-date decline through July 16th was primarily the result of lower withholding and estate tax collections compared to July 2011.

Month-to-date withholding taxes through July 16, 2012 totaled \$363 million, down \$29 million from the same period in July 2011, compared to the benchmark estimate that projects a withholding growth of \$43 million for the full month (July withholding benchmark assumes that withholding collections would increase by \$5 to \$7 million due to the fact that we have one more deposit day this July than we did a year ago). Please note that June withholding was up 11.8% from last June and ended June \$64 million above benchmark. The payment details for both months (June and first half of July) this year relative to the same period last year indicate that about \$30 to \$45 million of June 2012 collections appear to be borrowed from July 2012.

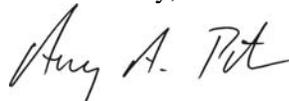
July sales tax benchmark assumes an increase of \$19 million from July 2011, reflecting the fact that sales tax collections would increase, partly because of the deposit day differences between this July and July 2011 (by about \$3 to \$5 million). July 16th was too early in the month for sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until July 20th. Through July 16th, month-to-date sales tax collections totaled \$70 million, down \$2 million from the same period last July.

As of July 16, 2012, month-to-date corporate/business tax collections totaled \$48 million, up \$9 million from the same period in July 2011.

Monthly motor fuels and rooms tax payments are due on July 20th 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 and the deposit day effects noted above, revenues received through July 16th 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 July 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 July 2012 (in \$ Millions)

Tax Collections as of July 16, 2012, Compared to Same Collection Period in FY2012 and to the FY2013 Tax Revenue Estimate of \$22.032 Billion

	----- Month of July -----						----- FY13 Year-to-Date -----					
	07/12 MTD Collections	07/12 MTD v. 07/11 MTD \$ Change	07/12 MTD v. 07/11 MTD % Change	07/12 Full Month Benchmark (*)	% Growth from 07/12 Assumed in Monthly Benchmark	\$ Needed to Reach 07/12 Full Month Benchmark (*)	07/12 FY13 YTD Collections	07/12 FY13 YTD \$ Change	07/12 FY13 YTD % Change	FY13 YTD Benchmark (**)(**)	% Growth from 07/12 Assumed in FY13 YTD Benchmark	\$ Needed to Reach FY13 YTD Benchmark (**)(**)
Income - Total	391	(22)	(5.4%)	839	5.7%	448	391	(22)	(5.4%)	839	5.7%	448
Income Withholding	363	(29)	(7.4%)	806	5.7%	443	363	(29)	(7.4%)	806	5.7%	443
Income Est. Payments (Cash)	25	15	150.8%	16	2.8%	(9)	25	15	150.8%	16	2.8%	(9)
Income Returns/Bills	4	(8)	(66.6%)	29	5.6%	24	4	(8)	(66.6%)	29	5.6%	24
Income Refunds (Cash)	0	(0)	(4.4%)	11	0.0%	11	0	(0)	(4.4%)	11	0.0%	11
Sales & Use - Total	70	(2)	(3.3%)	468	4.3%	398	70	(2)	(3.3%)	468	4.3%	398
Sales - Regular	32	(5)	(13.1%)	331	3.0%	299	32	(5)	(13.1%)	331	3.0%	299
Sales - Meals	11	0	4.7%	81	5.3%	70	11	0	4.7%	81	5.3%	70
Sales - Motor Vehicles	28	2	7.5%	57	10.5%	29	28	2	7.5%	57	10.5%	29
Corporate & Business - Total	48	9	22.8%	47	(4.2%)	(2)	48	9	22.8%	47	(4.2%)	(2)
Corporate Excise	49	15	41.7%	45	4.3%	(4)	49	15	41.7%	45	4.3%	(4)
Insurance Excise	0	(0)	(45.7%)	(0)	N/A	(0)	0	(0)	(45.7%)	(0)	(1728.7%)	(0)
Financial Institutions Excise	3	(2)	(43.6%)	2	(70.6%)	(1)	3	(2)	(43.6%)	2	(70.6%)	(1)
Public Utilities Excise	(3)	(4)	N/A	0	N/A	3	(3)	(4)	N/A	0	(574.9%)	3
All Other	33	(17)	(33.9%)	130	(14.6%)	97	33	(17)	(33.9%)	130	(14.6%)	97
Total Tax Collections	543	(33)	(5.7%)	1,485	2.8%	941	543	(33)	(5.7%)	1,485	2.8%	941

(*) Benchmarks are based on the FY13 tax revenue estimate of \$22.032 billion

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

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