



AMY PITTER
COMMISSIONER

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

March 20, 2013

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 14 of the General Laws¹, the Department of Revenue hereby submits its mid-month tax revenue report for the month of March 2013. The attached table shows March 2013 month-to-date and FY2013 year-to-date tax revenue collections through March 15, 2013, along with the dollar and percentage changes from the same collection period in March 2012. Also shown are the percentage growth amounts for the full month of March 2013 and for FY2013 year-to-date through the

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

end of March 2013 that were assumed in the benchmarks corresponding to the FY2013 tax revenue estimate of \$21.496 billion, which was revised by the Executive Office for Administration and Finance on December 4, 2012.

March is an important tax collection month, as payments with tax returns and extensions are due for most corporations for the prior tax year, as are the first corporate and business estimated payments (equal to 40% of estimated annual tax liability) of the current tax year. March is the largest corporate and business tax collection month of the year. It is also the last significant month for bonus payments, which are reflected in withholding, and usually the second largest month of the year for income tax refunds. The March 2013 benchmark corresponding to the FY2013 tax revenue estimate of \$21.496 billion totals \$1.859 billion, an increase of \$57 million, or 3.1% actual, but an increase of 5.0% baseline from March 2012.

Through March 15, 2013, month-to-date tax collections total \$890 million, down \$3 million, or 0.3% from the same period last March, compared to the benchmark estimate that projects an increase of \$57 million for the full month. Most of the projected growth this month is expected to occur on or after March 20th, when monthly sales tax payments are due.

Month-to-date income tax collections through March 15, 2013 totaled \$276 million, down \$80 million, or 22.4% from the same period in March 2012. Month-to-date withholding taxes through March 15, 2013 totaled \$434 million, down \$30 million, or 6.5% from the same period in March 2012, compared to the benchmark estimate that projects an increase of \$29 million for the full month. Month-to-date withholding decline probably reflects timing related factors (shifting some of the payments from March to February), which partly explain the February withholding surplus. Month-to-date income tax cash refunds totaled \$190 million, up \$45 million, or 31.4% from the same period in March 2012, with the full month benchmark projecting a growth of \$0.7 million. Month-to-date increase in cash refunds is not surprising after ending January and February significantly below benchmark because of timing related refund shift (from January to subsequent months) resulting from recent federal filing delay. The number of refunds so far in March has increased by 30.6% from a year ago, but the cumulative number of refunds since the beginning of January has still been down by 3.9% from a year ago, which probably means that refunds are still catching up.

March 15, 2013 was the due date for the first quarterly corporate and business estimated payments for tax year 2013 (for most companies) as well as the final payments and extensions for tax year 2012, though some estimated payments will probably spill over to the next few business days, and the final payments and extensions will be deposited over the remainder of the month. Month-to-date corporate and business taxes totaled \$509 million, up \$73 million, with the monthly benchmark calling for an increase of \$13 million from last March. Both the corporate and business payments with bills and returns (up \$18 million) and the quarterly cash estimated payments (up \$50 million) have contributed to the month-to-date increase.

March sales tax is projected to total \$379 million, an increase of \$6 million, or 1.6% actual and 3.0% baseline from March 2012. March 15th 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 March 20th. Through March 15th, month-to-date sales tax collections totaled \$71 million, up \$7 million from the same period last March.

Monthly motor fuels and rooms tax payments are also due on March 20th. 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 factors, revenues received through March 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 March 2012 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,

A handwritten signature in black ink that reads "Amy A. Pitter". The signature is written in a cursive style with a large initial "A".

Amy Pitter
Commissioner

Attachment

Cc: Glen Shor, 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 Michael J. Rodrigues, 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 March 2013 (in \$ Millions)

Tax Collections as of March 15, 2013, Compared to Same Collection Period in FY2012 and to the FY2013 Tax Revenue Estimate of \$21.496 Billion

	----- Month of March -----						----- FY13 Year-to-Date -----					
	03/13 MTD Collections	03/13 MTD v. 03/12 MTD \$ Change	03/13 MTD v. 03/12 MTD % Change	03/13 Full Month Benchmark (*)	% Growth from 03/12 Assumed in Monthly Benchmark	\$ Needed to Reach 03/13 Full Month Benchmark (*)	03/13 FY13 YTD Collections	03/13 FY13 YTD \$ Change	03/13 FY13 YTD % Change	FY13 YTD Benchmark (*)(**)	% Growth from 03/12 Assumed in FY13 YTD Benchmark	\$ Needed to Reach FY13 YTD Benchmark (*)(**)
Income - Total	276	(80)	(22.4%)	731	5.3%	455	8,058	396	5.2%	8,263	3.3%	205
Income Withholding	434	(30)	(6.5%)	920	3.2%	485	7,134	170	2.4%	7,566	2.4%	432
Income Est. Payments (Cash)	5	(0)	(2.3%)	15	4.9%	9	1,388	192	16.1%	1,266	5.2%	(122)
Income Returns/Bills	27	(4)	(13.0%)	84	9.8%	58	342	2	0.7%	410	6.5%	69
Income Refunds (Cash)	190	45	31.4%	287	0.1%	97	811	(25)	(3.0%)	983	0.5%	172
Sales & Use - Total	71	7	11.0%	379	1.7%	309	3,529	69	2.0%	3,852	2.2%	323
Sales - Regular	33	2	8.1%	258	1.6%	226	2,457	38	1.6%	2,678	1.3%	221
Sales - Meals	10	3	36.5%	65	3.4%	55	621	29	4.8%	681	5.2%	60
Sales - Motor Vehicles	28	2	6.9%	56	0.0%	28	451	3	0.6%	492	2.9%	41
Corporate & Business - Total	509	73	16.7%	620	2.2%	110	1,447	19	1.3%	1,485	(7.1%)	38
All Other	34	(3)	(7.1%)	128	0.0%	94	1,250	14	1.1%	1,321	(0.5%)	70
Total Tax Collections	890	(3)	(0.3%)	1,859	3.1%	969	14,285	497	3.6%	14,921	1.5%	636

(*) Benchmarks are based on the FY13 tax revenue estimate of \$21.496 billion

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

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