



AMY PITTER
COMMISSIONER

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

November 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 14 of the General Laws¹, the Department of Revenue hereby submits its mid-month tax revenue report for the month of November 2012. The attached table shows November 2012 month-to-date and FY2013 year-to-date tax revenue collections through November 15, 2012, along with the dollar and percentage changes from the same collection period in November 2011. Also shown are the percentage growth amounts for the full month of November 2012 and for FY2013 year-to-date through the end of November 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

¹ <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.

November is one of the smallest net tax collection months of the year, as there are no quarterly estimated payments due for individuals and most corporations, and income and corporate tax refunds are relatively high as DOR continues processing the prior year's tax returns filed on extension. The November monthly benchmark corresponding to the FY2013 revenue estimate of \$22.011 billion assumes revenue collections of \$1.398 billion, an increase of \$34 million, or 2.5% actual, and an increase of \$60 million, or 4.4% baseline from November 2011 collections. There are several tax law changes and other factors that are assumed to affect revenues: the cut in the corporate and financial institutions tax rates (-\$0.6 million), incremental impact of enhanced tax enforcements (-\$0.7 million), the impact of income tax rate reduction from 5.3% to 5.25% (-\$3.9 million), incremental impact of life sciences credits (-\$0.4 million), incremental impact of dairy farm credits (-\$0.148 million), and on-time revenues in excess of \$40 million, which were received last November, but are assumed not to repeat this November.

Through November 15, 2012, month-to-date tax collections total \$555 million, up \$33 million, or 6.3% from the same period last November, compared to the benchmark estimate that projects an increase of \$34 million for the full month. The month-to-date increase primarily the result of higher withholding collections and lower refunds compared to November 2011.

Month-to-date income tax collections through November 15, 2012 totaled \$442 million, up \$40 million, or 10.0% from the same period in November 2011. Month-to-date withholding taxes through November 15, 2012 totaled \$430 million, up \$18 million from the same period in November 2011, compared to the benchmark estimate that projects an increase of \$37 million for the full month. Month-to-date income tax refunds total \$20 million, down \$16 million from the same period last year, with the full month benchmark projecting an increase of \$1 million.

November sales tax is projected to total \$427 million, an increase of \$24 million, or 5.9% actual, and 4.0% baseline. November 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 November 20th. Through November 15th, month-to-date sales tax collections totaled \$61 million, down \$3 million from the same period last November.

Corporate/business taxes are projected to total \$20 million, down \$38 million from November 2011. As of November 15, 2012, corporate and business tax collections totaled \$4 million, down \$5 million from the same period in November 2011. Month-to-date corporate and business refunds total \$15 million, down \$12 million from the same period last year. Part of the decline in month-to-date income tax refunds and corporate and business tax refunds is probably due to the accelerated refund processing that took place in October.

Monthly motor fuels and rooms tax payments are due on November 20nd. 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 November 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 November 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,

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: 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 November 2012 (in \$ Millions)

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

	----- Month of November -----						----- FY13 Year-to-Date -----					
	11/12 MTD Collections	11/12 MTD v. 11/11 MTD \$ Change	11/12 MTD v. 11/11 MTD % Change	11/12 Full Month Benchmark (*)	% Growth from 11/11 Assumed in Monthly Benchmark	\$ Needed to Reach 11/12 Full Month Benchmark (*)	11/12 FY13 YTD Collections	11/12 FY13 YTD \$ Change	11/12 FY13 YTD % Change	FY13 YTD Benchmark (**)	% Growth from 11/11 Assumed in FY13 YTD Benchmark	\$ Needed to Reach FY13 YTD Benchmark (**)
Income - Total	442	40	10.0%	794	5.7%	352	4,066	57	1.4%	4,573	4.9%	507
Income Withholding	430	18	4.5%	786	4.9%	356	3,511	7	0.2%	3,996	4.0%	485
Income Est. Payments (Cash)	8	0	1.1%	17	6.3%	9	515	29	5.9%	525	6.2%	10
Income Returns/Bills	23	6	36.2%	41	16.9%	18	203	22	12.3%	230	15.8%	27
Income Refunds (Cash)	20	(16)	(44.6%)	51	1.6%	31	167	7	4.4%	178	1.7%	10
Sales & Use - Total	61	(3)	(4.4%)	427	5.9%	366	1,816	50	2.8%	2,222	5.5%	406
Sales - Regular	27	(2)	(7.6%)	295	5.6%	267	1,222	19	1.6%	1,525	5.0%	303
Sales - Meals	9	1	11.1%	77	6.6%	68	342	22	6.9%	408	6.5%	67
Sales - Motor Vehicles	24	(2)	(5.8%)	55	6.5%	31	253	9	3.6%	289	7.3%	37
Corporate & Business - Total	4	(5)	(57.3%)	20	(65.2%)	16	510	(85)	(14.3%)	572	(11.2%)	62
All Other	48	1	2.0%	157	3.5%	109	645	(21)	(3.1%)	769	(0.2%)	124
Total Tax Collections	555	33	6.3%	1,398	2.5%	843	7,037	1	0.01%	8,136	3.3%	1,099

(*) 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 November full month totals)

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