



NAVJEET K. BAL  
COMMISSIONER

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
*Office of the Commissioner*  
*P.O. Box 9550*  
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June 19, 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 2008, the Department of Revenue hereby submits its mid-month tax collection report for June 2009. The attached table shows June 2009 month-to-date and FY2009 year-to-date tax revenue collections through June 15, 2009, along with the dollar and percentage changes from the same collection period in June 2008. Also shown are the percentage growth amounts for the full month of June 2009 and for FY2009 year-to-date through the end of June 2009 that were assumed in the benchmarks corresponding to the May 4, 2009 revised Executive Office for Administration and Finance FY2009 tax revenue estimate of \$18.436 billion. Please note that the \$18.436 billion estimate and the June 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 June 15, 2009, tax collections totaled \$859 million, down \$251 million from the same period in June 2008, with the full month June benchmark (based on the \$18.436 billion estimate) projecting total tax revenues of \$2.047 billion, a decrease of \$217 million from June 2008. The month-to-date decline through June 15<sup>th</sup> was primarily the result of lower income and corporate/business tax payments compared to June 2008.

Month-to-date withholding taxes through June 15, 2009 totaled \$374 million, down \$54 million from the same period in June 2008, compared to the revised benchmark estimate that projects a withholding decline of \$15 million for the full month. As we noted in May, withholding collections in May were above benchmark due to timing issues, and that appears to be borne out by the first two weekly withholding payments of June, which were well below last year's level.

Month-to-date income tax estimated payments through June 15, 2009 totaled \$70 million, down \$66 million from the same period in June 2008, compared with the benchmark estimate that projects a decline of \$189 million for the full month. With only 20%-25% of June's full month income tax estimated payments typically received by June 15<sup>th</sup>, it was too early to know whether income tax estimated payments would reach the full month benchmark.

Month-to-date income tax cash refunds through June 15, 2009 totaled \$53 million, up \$28 million from the same period last June, with the full month benchmark calling for growth of \$5 million. As of June 15<sup>th</sup>, June income tax refunds were equal to the full month benchmark, and will end the month above forecast, offsetting May refunds that were below forecast due to timing factors. As of June 15<sup>th</sup>, income tax payments with returns were running about even with last June, and will end the month above forecast.

As of June 15, 2009, month-to-date corporate/business tax collections totaled \$350 million, down \$93 million from the same period in June 2008, with the full month benchmark projecting growth of \$53 million. Most of the month-to-date decline was in the financial institutions tax, which was down \$52 million, compared to the full month estimate that projects growth of \$16 million. The decline in financial institutions tax appears to be due mainly to recently recognized losses in the banking sector.

June 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 June 22<sup>nd</sup>. Through June 15<sup>th</sup>, month-to-date sales tax collections totaled \$58 million, down \$1 million from the same period last June, with the full month benchmark calling for a decline of \$23 million from June 2008.

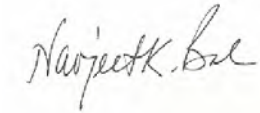
In addition, monthly motor fuels and rooms tax payments are due on June 22<sup>nd</sup> this year. Therefore, month-to-date growth comparisons for those tax types before the third week of the month are not necessarily indicative of final collections for the full month.

Finally, 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 the factors noted above, revenues received through June 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 June 2008 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 Howard Merkwowitz, Director of the Office of Tax Policy Analysis (at 626-2100).

Sincerely,

A handwritten signature in black ink that reads "Navjeet K. Bal". The signature is written in a cursive style with a large initial "N".

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 June 2009 (in \$ Millions)

Collections as of June 15, 2009, Compared to Same Collection Period in June 2008 and Revised Benchmark Base on May 4, 2009 A&F Estimate

	----- Month of June -----						----- FY09 Year-to-Date -----					
	06/09 MTD Collections	06/09 MTD v. 06/08 MTD \$ Change	06/09 MTD v. 06/08 MTD % Change	06/09 Full Month Benchmark (*)	% Growth from 06/08 Assumed in Monthly Benchmark	\$ Needed to Reach 06/09 Full Month Benchmark (*)	06/09 FY09 YTD Collections	06/09 FY09 YTD \$ Change	06/09 FY09 YTD % Change	FY09 YTD Benchmark (**)	% Growth from 06/08 Assumed in FY09 YTD Benchmark	\$ Needed to Reach FY09 YTD Benchmark (**)
<b>Income - Total</b>	<b>407</b>	<b>(149)</b>	<b>(26.7%)</b>	<b>1,014</b>	<b>(18.0%)</b>	<b>607</b>	<b>10,101</b>	<b>(1,702)</b>	<b>(14.4%)</b>	<b>10,629</b>	<b>(14.9%)</b>	<b>528</b>
Income Withholding	374	(54)	(12.6%)	721	(2.0%)	348	8,600	(146)	(1.7%)	8,919	(1.5%)	318
Income Est. Payments (Cash)	70	(66)	(48.7%)	329	(36.5%)	259	1,568	(540)	(25.6%)	1,828	(26.6%)	260
Income Returns/Bills	16	(0)	(1.3%)	17	(45.0%)	1	1,421	(830)	(36.9%)	1,402	(38.1%)	(19)
Income Refunds (Cash)	53	28	113.8%	53	10.3%	(0)	1,496	185	14.2%	1,528	14.5%	32
<b>Sales &amp; Use - Total</b>	<b>58</b>	<b>(1)</b>	<b>(1.2%)</b>	<b>326</b>	<b>(6.7%)</b>	<b>268</b>	<b>3,594</b>	<b>(202)</b>	<b>(5.3%)</b>	<b>3,851</b>	<b>(5.8%)</b>	<b>257</b>
Sales - Regular	31	4	13.6%	230	(7.6%)	199	2,597	(134)	(4.9%)	2,786	(5.6%)	188
Sales - Meals	7	(2)	(19.0%)	58	0.3%	50	581	(4)	(0.6%)	632	(0.1%)	51
Sales - Motor Vehicles	20	(3)	(12.2%)	38	(10.6%)	19	416	(65)	(13.5%)	433	(13.7%)	17
<b>Corporate &amp; Business - Total</b>	<b>350</b>	<b>(93)</b>	<b>(21.1%)</b>	<b>566</b>	<b>10.3%</b>	<b>216</b>	<b>2,030</b>	<b>(449)</b>	<b>(18.1%)</b>	<b>2,257</b>	<b>(11.4%)</b>	<b>228</b>
Corporate Excise	242	(29)	(10.6%)	356	8.9%	115	1,481	26	1.8%	1,600	5.8%	119
Insurance Excise	82	(5)	(5.8%)	89	(5.4%)	7	311	(51)	(14.1%)	313	(15.1%)	2
Financial Institutions Excise	25	(52)	(67.7%)	97	20.1%	73	239	(304)	(56.0%)	309	(43.6%)	70
Public Utilities Excise	2	(8)	(82.5%)	24	109.2%	22	(1)	(120)	N/A	36	(70.4%)	37
<b>All Other</b>	<b>45</b>	<b>(9)</b>	<b>(16.4%)</b>	<b>140</b>	<b>(14.5%)</b>	<b>96</b>	<b>1,603</b>	<b>(46)</b>	<b>(2.8%)</b>	<b>1,699</b>	<b>(3.4%)</b>	<b>96</b>
<b>Total Tax Collections</b>	<b>859</b>	<b>(251)</b>	<b>(22.6%)</b>	<b>2,047</b>	<b>(9.6%)</b>	<b>1,187</b>	<b>17,327</b>	<b>(2,399)</b>	<b>(12.2%)</b>	<b>18,436</b>	<b>(11.7%)</b>	<b>1,109</b>

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

	1	1	N/A	9	N/A	8	123	123	N/A	133	N/A	10
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(\*) Benchmarks are Based on 5/4/09 FY09 A&F Estimate of \$18.436 Billion

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

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