



NAVJEET K. BAL  
COMMISSIONER

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

December 18, 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 revenue tax collection report for the month of December 2009. The attached table shows December 2009 month-to-date and FY2010 year-to-date tax revenue collections through December 15, 2009, along with the dollar and percentage changes from the same collection period in December 2008. Also shown are the percentage growth amounts for the full month of December 2009 and for FY2010 year-to-date through the end of December 2009 that were assumed in the benchmarks corresponding to the October 15, 2009 FY2010 tax revenue estimate of \$18.279 billion, which was a downward revision from the FY2010 General Appropriation Act tax revenue estimate of \$18.879 billion. Please note that the \$18.279 billion estimate and the December 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.

The monthly benchmark corresponding to the FY2010 tax revenue estimate of \$18.279 billion projected December tax revenues of \$1.691 billion, a decline of \$172 million from December 2008 tax collections. The projected decline reflects non-recurring corporate/business tax settlement and voluntary disclosure payments of approximately \$169 million that were received in December 2008 and continuing projected weakness in withholding taxes, offset by increases in sales taxes due to the sales tax rate increase and elimination of the sales tax exemption for alcoholic beverages.

Through December 15, 2009, December 2009 month-to-date tax collections totaled \$838 million, up \$158 million from the same period in December 2008. Of the main revenue sources, month-to-date income tax withholding totaled \$386 million, up \$3 million from the same period last year, month-to-date sales and use tax totaled \$53 million, up \$11 million from the same period last year, and month-to-date corporate/business taxes totaled \$335 million, up \$145 million from the same period last year. Most of the corporate and business tax growth is the result of settlement payments received this month that were not assumed in the October 15<sup>th</sup> estimate of \$18.279 billion and thus not reflected in the December 2009 benchmark.

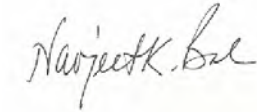
Several additional caveats are in order when considering the attached report:

- In December, the Commonwealth receives and deposits most of its tax revenues during the second half of the month, primarily because non-motor vehicle sales, meals, motor fuels, and rooms tax payments are due on the 20<sup>th</sup> of each month, and most income tax estimated payments are received in the last few days of the month. Therefore, month-to-date growth comparisons with last December for sales tax, meals tax, and income tax estimated payments are not meaningful at this point, and month-to-date growth for these tax types is not necessarily indicative of what final growth will be for the full month;
- In December 2008, virtually all of the \$169 million in non-recurring corporate/business tax settlement and voluntary disclosure payments were received after the 15<sup>th</sup> of the month. Therefore, despite the fact that as of December 15<sup>th</sup> corporate and business tax collections were up by \$145 million compared to the same period last year, by the end of the month that growth will be reduced, and perhaps eliminated, after being compared to the full month of December 2008 during which those 2008 non-recurring payments were received.
- There may be other differences in the due dates for certain tax payments from one fiscal year to the next which complicate month-to-date comparisons to the prior year.

As a result of these considerations, revenues received through the 15<sup>th</sup> day of December as reported in the attached table are not necessarily indicative of what the final results for the full month will be. Specifically, they do not represent one-half of the revenues to be received in the full month and are at best a mere snap-shot picture of the revenues received through the reported date. Any variances from the monthly benchmark at this point should not be relied on as an indicator of what the total final revenues for the month will be, compared to the monthly benchmarks.

If you have any questions concerning this report, please contact me (at 626-2201) or Howard Merkowitz, 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' and a long, sweeping underline.

Navjeet K. Bal  
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 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 December 2009 (in \$ Millions)

Tax Collections as of December 15, 2009, Compared to Same Collection Period in FY2009 and Executive Office for Administration & Finance 10/15/09 Tax Estimate of \$18.279 Billion

	----- Month of December -----						----- FY10 Year-to-Date -----					
	12/09 MTD Collections	12/09 MTD v. 12/08 MTD \$ Change	12/09 MTD v. 12/08 MTD % Change	12/09 Full Month Benchmark (*)	% Growth from 12/08 Assumed in Monthly Benchmark	\$ Needed to Reach 12/09 Full Month Benchmark (*)	12/09 FY10 YTD Collections	12/09 FY10 YTD \$ Change	12/09 FY10 YTD % Change	FY10 YTD Benchmark (**)	% Growth from 12/08 Assumed in FY10 YTD Benchmark	\$ Needed to Reach FY10 YTD Benchmark (**)
<b>Income - Total</b>	<b>397</b>	<b>(15)</b>	<b>(3.7%)</b>	<b>909</b>	<b>(8.0%)</b>	<b>512</b>	<b>4,201</b>	<b>(504)</b>	<b>(10.7%)</b>	<b>4,703</b>	<b>(10.9%)</b>	<b>502</b>
Income Withholding	386	3	0.7%	793	(5.6%)	407	3,907	(136)	(3.4%)	4,306	(4.3%)	399
Income Est. Payments (Cash)	14	(8)	(38.2%)	107	(14.4%)	94	406	(224)	(35.6%)	497	(32.3%)	91
Income Returns/Bills	13	(3)	(21.4%)	20	(33.3%)	8	187	(55)	(22.7%)	181	(29.4%)	(6)
Income Refunds (Cash)	16	5	42.0%	14	30.0%	(1)	300	85	39.5%	287	33.3%	(13)
<b>Sales &amp; Use - Total</b>	<b>53</b>	<b>11</b>	<b>26.4%</b>	<b>363</b>	<b>18.8%</b>	<b>310</b>	<b>1,907</b>	<b>167</b>	<b>9.6%</b>	<b>2,206</b>	<b>10.1%</b>	<b>299</b>
Sales - Regular	24	5	24.1%	266	18.4%	243	1,321	84	6.8%	1,563	8.4%	242
Sales - Meals	8	2	24.6%	59	20.3%	51	330	35	11.9%	377	11.7%	47
Sales - Motor Vehicles	21	5	29.9%	37	19.7%	16	256	47	22.6%	266	18.7%	9
<b>Corporate &amp; Business - Total</b>	<b>335</b>	<b>145</b>	<b>76.2%</b>	<b>292</b>	<b>(34.2%)</b>	<b>(43)</b>	<b>794</b>	<b>174</b>	<b>28.1%</b>	<b>753</b>	<b>(13.8%)</b>	<b>(40)</b>
Corporate Excise	296	149	101.0%	223	(13.8%)	(73)	594	30	5.3%	514	(23.9%)	(80)
Insurance Excise	24	(2)	(7.8%)	32	6.4%	8	102	(15)	(13.1%)	111	(8.2%)	9
Financial Institutions Excise	12	(2)	(17.4%)	30	(79.9%)	19	101	136	N/A	127	26.2%	27
Public Utilities Excise	4	1	22.9%	8	30.0%	4	(3)	24	N/A	1	(102.2%)	4
<b>All Other</b>	<b>53</b>	<b>18</b>	<b>49.9%</b>	<b>127</b>	<b>1.4%</b>	<b>74</b>	<b>762</b>	<b>(49)</b>	<b>(6.0%)</b>	<b>820</b>	<b>(9.0%)</b>	<b>57</b>
<b>Total Tax Collections</b>	<b>838</b>	<b>158</b>	<b>23.3%</b>	<b>1,691</b>	<b>(9.2%)</b>	<b>853</b>	<b>7,664</b>	<b>(212)</b>	<b>(2.7%)</b>	<b>8,482</b>	<b>(6.4%)</b>	<b>818</b>

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

6	0.5	9.0%	8	(51.2%)	3	50	(15)	(22.5%)	55	(28.1%)	5
---	-----	------	---	---------	---	----	------	---------	----	---------	---

(\*) Benchmarks are based on 10/15/09 FY10 tax revenue estimate of \$18.279 billion

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

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