



NAVJEET K. BAL
COMMISSIONER

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

June 20, 2011

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 chapter 196 of the Acts of 2011, the Department of Revenue hereby submits its mid-month tax revenue report for the month of June 2011. The attached table shows June 2011 month-to-date and FY2011 year-to-date tax revenue collections through June 17, 2011, along with the dollar and percentage changes from the same collection period in June 2010. Also shown are the percentage growth amounts for the full month of June 2011 and for FY2011 year-to-date through the end of June 2011 that were assumed in the benchmarks corresponding to the January 18, 2011 FY2011 tax revenue estimate of \$19.784 billion, which was an upward revision from the GAA (adjusted for the impacts of the economic development bill and the sales tax holidays in August 2010) FY2011 tax revenue estimate of \$19.078 billion. Please note that the \$19.784 billion estimate and the June 2011 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.

June 15 is an important filing deadline for quarterly corporate estimated payments and individual income estimated payments. Due to technical issues related to a software update early last week, DOR's WebFile for *Business* and WebFile for *Income* applications were inaccessible to taxpayers until late in the day on June 14. As a consequence, DOR extended the filing deadline for taxpayers utilizing those applications to midnight on June 17. In order to provide a more accurate comparison of mid-month revenues, this mid-month report reflects revenue collections through June 17. Revenue collection data through June 15 is distorted due to the slowdown in the processing of payments caused by the technical issues.

June is an important tax collection month, as quarterly income tax and corporate/business tax payments are due on June 15th, though most income tax estimated payments are not received and deposited until later in the month. Through June 17, 2011, June 2011 month-to-date tax collections totaled \$1.205 billion, up \$103 million, or 9.3%, from the same period in June 2010, with the full month benchmark (based on the \$19.784 billion estimate) projecting total tax revenues of \$2.094 billion, an increase of \$54 million, or 2.8%, from June 2010. The month-to-date increase through June 17th was primarily the result of growth in income cash estimated payments and sales taxes. Additional growth is expected when monthly sales tax payments are received on and after June 20th.

Month-to-date withholding taxes through June 17, 2011 totaled \$433 million, up \$3 million from the same period in June 2010, compared to the benchmark estimate that projects a withholding increase of \$38 million, or 5.2%, for the full month.

Month-to-date income tax cash estimated payments through June 17, 2011 totaled \$181 million, up \$90 million from the same period in June 2010, with the full month benchmark projecting a decline of \$9 million. Quarterly income tax estimated payments are due on June 15th, but since most are remitted by mail, more than 70% of June's estimated payments are received and deposited after the due date and it is therefore too early in the month to know how it would end the month.

Month-to-date income tax cash refunds through June 17, 2011 totaled \$27 million, down \$6 million from the same period in June 2010, with the full month benchmark assuming a decline of \$0.5 million.

June is a significant month for corporate and business tax payments, as the second quarterly estimated payments for most corporations are due on June 15th. Through June 17, 2011 month-to-date corporate and business tax collections totaled \$413 million, up \$11 million from the same period in June 2010, with the full month benchmark projecting a growth of \$46 million. June 2011 month-to-date corporate/business estimated payments, which reflect current economic activity, total \$401 million, an increase of \$18 million, or 4.8%, from the same period last year.

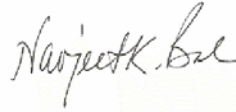
June 17th was too early in the month for overall sales tax trends to be meaningful, as monthly sales tax payments (other than those for motor vehicle sales tax) are not due until June 20th. The full month sales tax benchmark assumes a decline of \$1 million from June 2010, mostly due to elimination of the sales tax on alcoholic beverages. Motor vehicle sales tax revenues (which are remitted daily as motor vehicles are registered) through June 17th were up \$1 million from the same period last June, with the full month motor vehicle sales tax benchmark projecting growth of \$4 million.

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 differences and the other factors noted above, revenues received through June 17th 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 2010 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 me (at 626-2201) or Kazim P. Ozyurt, Acting 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 and is positioned above a light blue rectangular stamp.

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 Gale D. Candaras, Senate Chair, Joint Committee on Revenue
Representative Bradley H. Jones, Jr., House Minority Leader
Senator Bruce Tarr, Senate Minority Leader

Mid-Month Tax Collection Report for June 2011 (in \$ Millions)

Tax Collections as of June 17, 2011, Compared to Same Collection Period in FY2010 and to the FY2011 Tax Revenue Estimate of \$19.784 Billion

	----- Month of June -----						----- FY11 Year-to-Date -----					
	06/11 MTD Collections	06/11 MTD v. 06/10 MTD \$ Change	06/11 MTD v. 06/10 MTD % Change	06/11 Full Month Benchmark (*)	% Growth from 06/10 Assumed in Monthly Benchmark	\$ Needed to Reach 06/11 Full Month Benchmark (*)	06/11 FY11 YTD Collections	06/11 FY11 YTD \$ Change	06/11 FY11 YTD % Change	FY11 YTD Benchmark (**)**	% Growth from 06/10 Assumed in FY11 YTD Benchmark	\$ Needed to Reach FY11 YTD Benchmark (**)**
Income - Total	610	87	16.7%	1,045	2.4%	435	11,069	1,457	15.2%	10,927	8.1%	(143)
Income Withholding	433	3	0.8%	763	5.2%	330	9,124	557	6.5%	9,374	5.8%	250
Income Est. Payments (Cash)	181	90	97.6%	302	(2.9%)	121	1,640	375	29.7%	1,691	13.9%	51
Income Returns/Bills	23	(11)	(33.2%)	49	(8.4%)	27	1,684	442	35.6%	1,273	1.0%	(410)
Income Refunds (Cash)	27	(6)	(17.2%)	70	(0.6%)	42	1,373	(96)	(6.6%)	1,414	(6.1%)	42
Sales & Use - Total	123	17	15.9%	423	(0.2%)	300	4,605	311	7.3%	4,905	6.4%	300
Sales - Regular	73	16	28.1%	289	(1.7%)	216	3,258	212	7.0%	3,478	5.9%	220
Sales - Meals	17	0	2.2%	75	0.3%	58	757	55	7.9%	813	7.0%	56
Sales - Motor Vehicles	34	1	1.8%	60	7.0%	26	590	44	8.0%	614	7.9%	24
Corporate & Business - Total	413	11	2.7%	465	11.1%	52	2,204	101	4.8%	2,230	5.2%	26
Corporate Excise	312	19	6.5%	346	11.8%	34	1,930	347	21.9%	1,829	14.3%	(102)
Insurance Excise	90	1	0.6%	100	11.1%	10	295	10	3.6%	304	6.5%	9
Financial Institutions Excise	8	(10)	(57.8%)	17	(0.2%)	10	(12)	(248)	N/A	108	(53.8%)	121
Public Utilities Excise	4	2	81.2%	2	0.0%	(2)	(9)	(8)	N/A	(11)	3259.9%	(2)
All Other	60	(12)	(16.8%)	161	(7.1%)	102	1,692	92	5.7%	1,722	1.2%	30
Total Tax Collections	1,205	103	9.3%	2,094	2.8%	889	19,570	1,960	11.1%	19,784	6.7%	214

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

	6	(5)	(43.6%)	10	(44.3%)	4	119	2	2.1%	123	(0.1%)	5
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(*) Benchmarks are based on the FY11 tax revenue estimate of \$19.784 billion

(**) Year-to-date benchmarks are year-to-date 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.