

3/2/11 — February Collections Total \$933 Million

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Smallest collection month comes in \$46 million below benchmark due to higher than forecast tax refunds and smaller than forecast sales and corporate tax collections

Revenue Commissioner Navjeet K. Bal today announced that preliminary revenue collections for February 2011 totaled \$933 million, down \$70 million or 7.0 percent from a year ago and \$46 million below the February benchmark, largely due to higher than forecast income tax refunds and weaker than expected sales and corporate tax collections.

It was expected that the February revenues would be less than a year ago. The 2011 benchmark corresponding to the FY11 revenue estimate upwardly revised on January 18 to \$19.784 billion had projected a \$24 million decrease in February revenues, partly attributable to an estimated shift of \$75 million to \$85 million in withholding tax revenues from February to January of this year as well as the loss of an estimated \$7 million to \$8 million due to the elimination of the sales tax on alcoholic beverages.

FY11 year-to-date tax collections total \$12.581 billion, up \$1.021 billion or 8.8 percent from a year ago and are now \$19 million below the revised year-to-date benchmark.

February is historically the smallest net tax collection month of the fiscal year as there are no quarterly or annual payments due. February is also the month in which refunds start to accumulate as taxpayers submit their returns for the prior tax year. As a result, collections are driven mostly by withholding and sales tax revenues.

"Income tax withholding collections performed better than forecast, but refunds, which were slow in January, picked up considerably in February," Bal said. "Sales tax collections dropped due to the impact of the repeal of the sales tax on alcohol and the wintry weather that pushed down retail sales tax collections for the month."

The February withholding collection totaled \$742 million, down \$19 million or 2.5 percent, but was \$18 million above benchmark. Income tax refunds totaled \$379 million, up \$35 million or 10.2 percent from a year ago, \$37 million above benchmark as DOR processed more refunds this February than a year ago.

Bal said it was possible that many January filers had waited until February to file their state tax returns, as the IRS had delayed processing federal tax returns with itemized deductions until mid-February, as the Service needed additional time to implement tax law changes that were enacted in late 2010.

Sales tax collections totaled \$344 million, down \$1 million or 0.2 percent, \$7 million below benchmark. However, on a baseline basis, factoring in the impact of the loss of the sales tax on alcohol, sales tax collections rose 2.8 percent. Sales tax collections reflect retail activity from January, a month in which winter storms affected retail traffic and forced some stores to close.

February is a small month for corporate/business tax collections, but the collection of \$24 million was down \$34 million from a year ago and \$39 million below benchmark.