



# DOR NewsRelease

Commonwealth of Massachusetts

Department of Revenue

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## **September revenue collections total \$1.766 billion**

*Collection is \$243 million short of monthly benchmark; yearly collection now \$212 million below benchmark*

Revenue Commissioner Navjeet K. Bal today announced that preliminary revenue collections for September 2009 totaled \$1.766 billion, down \$333 million or 15.9 percent from the same period a year ago and \$243 million below the monthly benchmark based on the FY10 revenue estimate of \$18.879 billion.

Tax collections for the first quarter of the fiscal year total \$4.313 billion, down \$477 million or 10 percent below those of a year ago and are \$212 million below the year-to-date benchmark.

“While economic forecasters are seeing signs of improvement in the overall economy, revenue collections will be one of the last indicators to reflect a recovery, just as they were one of the last indicators to reflect the onset of this deep recession a year ago,” said DOR Revenue Commissioner Navjeet K. Bal.

Income tax collections for the month were down \$259 million or 21.2 percent, \$58 million below the monthly benchmark. The shortfall from benchmark was mostly due to timing factors affecting withholding that were identified at the end of August and noted in DOR’s August revenues press release; these factors reversed an August withholding surplus. Income tax estimated payments were \$35 million above the monthly benchmark, offsetting income tax refunds that were \$29 million above the benchmark.

Sales tax collections were up \$46 million, or 13.8 percent due to the sales tax increase that took effect August 1, but were \$37 million below the monthly benchmark.

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Regular sales tax in September was up \$32 million, or 13.7 percent, but was \$28 million below benchmark. Sales tax collections from retail industry businesses increased, up \$24 million or 24 percent, assisted by an increase of \$8-\$9 million from sales tax collection on beer, wine and alcohol. But revenue generated by the sale of products from one business to another was about unchanged from September 2008, despite the increase in the sales tax rate. For the first two months of fiscal year 2010 (prior to the sales tax increase), regular sales tax collections were down 7.2 percent from the year earlier period, so the 13.7 percent September increase represents a swing of almost 21% in the growth rate.

The spike in motor vehicle sales tax collections seen in July and August due in part to the Cash-for-Clunkers program fell off in September. While motor vehicle sales tax collections were \$4 million more than in September 2008, they were \$5 million below benchmark, although FY10 year-to-date motor vehicle sales tax collections are still \$3 million above the year-to-date benchmark.

Corporate/business taxes were down \$116 million or 29.6 percent, \$144 million below benchmark, with about \$50 million of the \$116 million decline due to timing factors that shifted refunds from October to the last day of September this year. The September shortfall from benchmark was due at least in part to the impact of the declining economy on corporate profits, use of transferable tax credits, and faster processing of refunds this September.

Year to date, income tax collections are \$9 million below benchmark; sales and use tax collections are \$46 million below the benchmark; and corporate and business tax collections are \$139 million below benchmark.