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## MMA resolution on sales tax ballot question

2 messages

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**Joshua Ostroff** <joshua@ostroff.net>  
To: Selectmen <selectmen@natickma.org>

Fri, Jan 12, 2018 at 10:13 AM

Honorable Members of the Board of Selectmen:

Thank you for considering a [pending resolution at the Massachusetts Municipal Association Annual Meeting](#) to oppose a proposed ballot question that would reduce the state sales tax from 6.25% to 5%. I ask that you support this resolution. This ballot question is harmful to Natick and its residents, and for Massachusetts as a whole.

The sales and use tax provides revenue to the Commonwealth that is both dedicated (to the school building authority and for the MBTA) and available for general fund appropriation. While the proposed reduction (of about \$1.5 billion) represents a relatively small share of total state revenues, it is a much higher percentage of discretionary spending - about 7%. Given that many programs on which Natick relies are discretionary, such as Unrestricted General Government Assistance, Chapter 70 (education) aid Chapter 90 (local road maintenance), this has the potential to reduce state aid to important Natick budgets.

It is true, as the Massachusetts Retailers Association (the ballot question proponent) claims, that the sales tax is unevenly applied. Many online sales are not subject to the tax, for example, nor are services. The solution is to level the application of the tax through a combination of state and federal action, or to seek an alternative source of revenue. Otherwise, state revenues will be significantly reduced.

As currently drafted, the tax rollback would not impact the School Building Authority program on which Natick is counting for matching funds for Kennedy. But there is no guarantee that it won't be modified as a consequence of this ballot question, if it passes. That would be against the interests of Natick. Similarly, should the question pass and the funding allocated to the MBTA subsequently be reduced, that would have an impact on service, or would pressure the Commonwealth to increase other revenue sources, such as local assessments to MBTA area communities.

As you may know, there is a possibility that this ballot question will ultimately be withdrawn (see State House News article below). But without that assurance, the Board should register its opposition by supporting the MMA resolution.

Thank you for your consideration. If you are interested, I made a similar argument in 2017 in a [Boston Globe opinion piece](#). I am glad to answer any questions, or to discuss this matter.

I am writing to express my own views, and not on behalf of any organization, although the coalition for which I work is active on many issues related to this ballot question.

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## IF SUCCESSFUL, HILL BARGAINING COULD DERAIL THREE BALLOT QUESTIONS

By Matt Murphy  
STATE HOUSE NEWS SERVICE

STATE HOUSE, BOSTON, JAN. 12, 2018...Top Democrats on Beacon Hill are eyeing a legislative solution that would keep as many as three initiative petitions – a \$15 minimum wage, paid family leave and a sales tax cut – off the 2018 ballot, but activists and stakeholders involved in those efforts say it could be a tricky needle to thread.

Both House Speaker Robert DeLeo and Acting Senate President Harriette Chandler have indicated their interest in addressing the minimum wage and paid leave this year - proponents of those measures have been prodding lawmakers to act for years. And DeLeo went even further this week, throwing the third issue – a sales tax cut – into the mix of potential bargaining to avoid letting the major issues go before voters ten months from now.

"I'd like to see us, as best as we can, address these issues, keep them off the ballot. But that remains to be seen," DeLeo told the Boston Globe in an interview Wednesday.

An official familiar with the speaker's thinking confirmed the Democratic leader would like to avoid those three questions reaching the ballot, but could not elaborate on what that framework might look like. The House referred all of the proposed ballot questions to committees for review Thursday, and the upcoming hearings on the proposals will shed additional light on the issues and whether stakeholders are open to compromises.

"He has to see what compromise they come up with," the source said.

DeLeo in 2009 led the push to raise the sales tax from 5 percent to 6.25 percent and is among the Democrats who have advanced to the 2018 ballot a proposed constitutional amendment imposing a 4 percent income surtax on households with incomes above \$1 million, an idea that could generate \$2 billion a year.

The source close to the speaker also said, with regard to cutting the sales tax, that it might be possible to avoid a ballot campaign without DeLeo agreeing to a tax cut. "I think the expectation is that that could be resolved without that happening," the person said.

Lawmakers sometimes prefer to have control over major policy initiatives if they sense support in the electorate, rather than let laws be written by activists, but initiative petitions are often proposed in part because lawmakers have been unable or unwilling to reach agreement on policy topics.

Frustrated proponents of all three ballot questions in the mix gathered tens of thousands of signatures from voters last year in support of their measures.

Complicating matters is the fact all three questions are intertwined with the same interest groups having a stake in the outcome of each proposal.

The Retailers Association of Massachusetts (RAM) has proposed rolling the state's sales tax rate back to 5 percent, and making an annual summer sales tax holiday weekend permanent. RAM President Jon Hurst said he is unaware of any option on the table at this point that would convince retailers to settle for no change to the sales tax, but he did not rule out getting there.

"The year's just starting. I think there's a long way to go, a lot of moving parts. We have just one ballot initiative when the big health care union out of New York City has three questions," Hurst said.

Hurst was referring to 1199 SEIU United Health Care Workers East, a major player in the Raise Up Coalition, which is behind the paid family and medical leave initiative, the push to raise the minimum wage to \$15 an hour and the 4 percent surtax on incomes over \$1 million.

So far, negotiations have been most active over whether a deal can be reached on paid family and medical leave. Officials with the Raise Up Coalition and business groups on both sides of the issue have met at least a handful of times with Rep. Paul Brodeur and Sen. Jason Lewis, the co-chairs of the Committee on Labor and Workforce Development, according to people involved in those talks.

The same type of direct talks have not happened with respect to the sales tax, Hurst said, and an official with Raise Up said that despite Brodeur's recent comments that he and Lewis have convened negotiations between the coalition and the business community over the minimum wage, those talks have not occurred.

"We are working diligently to strike the right balance between fair compensation for workers and ensuring that Massachusetts businesses can remain competitive. I'm confident that these parties have engaged in a good faith effort, and I am eager to find a legislative compromise which works for everyone," Brodeur said in a late December statement to the News Service.

Hearings will take place before legislative committees on all three topics this year, and the Senate has created a task force focused on strengthening local retail that could come up with some ideas that would ameliorate retailers and convince them to drop the tax cut proposal.

"We do see a nexus between our question and the three others that are out there. I think there's a real tough road to hoe here with our friends in the Legislature to try to get the big public health care union to negotiate and do things the right way," Hurst said.

Raise Up also believes it would be a "big lift" to strike deals with lawmakers that could keep all three questions off the ballot and avoid costly campaigns with uncertain outcomes.

One thing that can't be controlled by Beacon Hill at this point is the fate of the so-called "millionaire's tax" proposal. The Legislature twice voted overwhelmingly in support of putting the constitutional amendment on the ballot, but the Supreme Judicial Court is now preparing to hear arguments from business leaders about why it should be not be allowed to go before voters.

The court will hear arguments in that case on Feb. 5. Hurst said that if the court does disqualify the matter for the ballot based on its content, that could be an opening for compromise on the other three issues.

"If the millionaire's tax goes forward, it makes it much more difficult for us to negotiate and pull that off," Hurst said. "But if it doesn't, maybe the decks are a little more clear to negotiate more satisfactory outcomes for all. Maybe it's a little less complicated of a discussion in reaching some middle ground."

Gov. Charlie Baker is another wildcard. While lawmakers would desire his support for any compromises intended to address ballot questions, he has largely refrained from publicly staking out positions on the measures.

The retailers have not been involved in the talks so far over a legislative solution on paid family and medical leave, and it's unclear when, or if, formal negotiations will begin over the minimum wage and sales tax.

One member of the Raise Up Coalition questioned whether the Retailers Association had the financial resources to run an effective campaign to cut the sales tax, or if the group was simply trying to bluff the Legislature.

"He's saber rattling and at some point people want to know if you have a sword," the person said of Hurst, who has not been bashful in the past about acknowledging the financial limitations of his membership to run a political campaign.

Jesse Mermell, the president of the Alliance for Business Leadership, said her organization has been involved in talks with Brodeur, Lewis and other business groups about paid family and medical leave, but said participants had agreed to keep the substance of those negotiations private for now.

The deadline for ballot petitioners to submit their final round of voter signatures to place the questions on the ballot is July 4.

"We're certainly keeping that deadline in mind and trying to come to some resolution, but that deadline is not lost on anybody," Mermell said.

Hurst said a more realistic deadline might be mid-May when he expects his board to make the final decision about whether to collect the signatures required to go to the ballot.

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Fri, Jan 12, 2018 at 11:46 AM

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