

A bleak day for small businesses

By [Jon B. Hurst](#)

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TODAY the Massachusetts sales tax goes up 25 percent to 6.25 percent. The big question on the minds of retailers is: "Are we going to survive?" For those who own or are employed by a retail business, today is a scary day. The sales tax increase is a significant jump at a time when the economic downturn has hit the retail industry especially hard.

Online sales nationally - most of which are untaxed - have increased by double-digit percentages for the past eight years. The effects of these purchasing shifts have impacted Massachusetts in particular where there are tech-savvy consumers. And then there is New Hampshire, the tax-free haven to the north. With both the online and north-of-the-border competitors unencumbered by sales taxes (and a wide variety of other state laws and costs too), the playing field is not the least bit level.

In spite of these challenges, retailers in Massachusetts employ 17 percent of the workforce - a half million people. Many are in small-business locations. Retail businesses are the stores and restaurants that populate Main Street in the state's 351 cities and towns. In addition, they often sponsor town sports leagues and help underwrite numerous civic events.

To the citizens of Massachusetts that are our customers, we have a simple message for you: We need your continued patronage and loyal support.

Retailers and their employees know that consumers are tightening their belts in this recession, and we know many are angry. We are with them on both counts. But despite the fact they have options on how and where to spend their money, the Main Street retailers hope they won't abandon them. Thousands of jobs depend upon their continued support.

Retailers also hope that elected officials and public-policy leaders will acknowledge that the sales tax increase will have a significant impact on us and move to help us in other ways, starting with reforms that will lower the costs of serving customers and employing people in the Commonwealth.

For example, the Massachusetts Health Care Reform law has been great for the healthcare industry and big purchasers. But it has left small businesses and their employees behind by not allowing group purchases, the very strategy that has

reduced costs for the state, cities, and towns, and large businesses. The discrimination against small businesses under the law creates unfair cross subsidies from the little guy to the big guy, resulting in premium differences of thousands of dollars.

Another area that needs reform is the wage laws. The retail sector is the only employment sector in the state, and one of only two in the country, that requires time-and-a-half pay for employees on Sundays in a business that has seven or more workers. That means a 14-year-old bagging groceries or stocking shelves must be paid at least \$12 per hour on Sundays. In today's marketplace, for employer and consumer alike, that just doesn't make sense.

Furthermore, Massachusetts is also one of only two states to still have antiquated item pricing requirements in place for food sellers. This requirement hurts consumers, employers, and employees alike by raising prices, reducing customer service, and damaging the competitiveness of local grocery stores. Modernizing this law to reflect the current scanning technology would make employers more competitive and employees more productive.

In the days to come, retailers across the state will be working harder than ever to compete for business. Consumers should stop to think about what their town center or downtown would look like without local retailers and consider giving them their business. And elected officials should work to lend these employers a helping hand.

Jon B. Hurst is president of the Retailers Association of Massachusetts. ■