

# North Central MASSACHUSETTS

CHAMBER OF COMMERCE

## Ballot Initiatives

2018

Approved: June 14, 2018

As an organization, we are committed to advancing North Central Massachusetts by promoting and leveraging **economic competitiveness** with our state, region, and nation; advocating on behalf of **small business**; and asserting our role as the Commonwealth's hub of **manufacturing**. For this reason, we have taken the following positions regarding questions placed before our voters in the upcoming election.

This document is intended to serve as the guideline for the Chamber's government affairs efforts, and has been reviewed and approved by the Government Affairs Committee. Adjustments and additions to these policies will be made as necessary.

Please contact Christopher McDermott at 978.353.7600 ext. 224 with any questions you may have regarding these positions.

## **17-07 An Initiative Petition for a Law Relative to Patient Safety and Hospital Transparency**

**Summary:** This ballot initiative would mandate strict nurse to patient staffing ratios across all departments of all hospitals in the Commonwealth. Such limits were applied to emergency rooms in 2014 and the Massachusetts Nurses Association (MNA), the driving force behind this proposal, has claimed that instituting similar requirements hospital wide is necessary “to specify a safe maximum limit for the number of patients a nurse can safely care for”. If passed, the proposed staff limits- and ensuing \$25,000 fine per infraction against them- would take full effect on January 1, 2019.<sup>1</sup>

**Our Position:** The MNA claims on its website that “Extensive medical research shows this will improve your care and save all of us money”. However, on that page, they only cite an anecdotal case study carried out at a single Pennsylvania hospital in 2002. Neither that study nor any of the others the MNA cites elsewhere advocate for specific staffing ratios to be applied industry wide. Moreover, their assertion that this approach will save money can be discarded when one takes into account the increased overhead costs which will undoubtedly be passed to the consumer as insurance premiums rise to account for them. Statewide, it is estimated that these expenses would amount to \$1.31 billion in the first year and \$880 million every year thereafter.<sup>2 3</sup>

A better indication of this proposal’s effect if adopted can be found in California. The Golden State issued nurse staffing regulations in 2003 and proceeded to implement them over the course of five years. Despite being less restrictive than the MNA’s proposal and providing an extended adaptation period, hospitals were still forced to reduce or even eliminate services as they redirected staff and resources. The same is likely to occur in Massachusetts should this measure pass, with smaller, rural hospitals facing a disproportionate impact. Ancillary facilities, such as nursing homes and private practices, are also likely to be impacted as larger facilities absorb personnel in an effort to ensure these quotas are met.

Despite these costs, or perhaps because of them, the effect on quality of care in California was negligible. Though it remains the only state ever to have implemented requirements of this type, the United Health Foundation ranks it seventeenth nationally in terms of statewide health. Massachusetts ranks first.<sup>1 2</sup>

**Vote:** We would ask that you vote against this measure. Staffing decisions should be left to the experienced professionals who operate our health care centers, not imposed upon them by the state. While proponents of this question may be well intentioned, its severe cost and detrimental impact on the state’s healthcare system cannot be ignored.

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<sup>1</sup> (The Attorney General of Massachusetts, 2018)

<sup>2</sup> (Coalition to Protect Patient Safety, 2018)

<sup>3</sup> (BW Research Partnership and Mass Insight, 2018)

## **17-17 An Initiative Petition for a Law Raising the Minimum Wage**

**Summary:** As its name implies, this initiative would increase the state's minimum hourly wage from \$11.00 to \$15.00, a raise of nearly forty percent. It would also increase the base rate among tipped employees to \$9.00 an hour.

**Our Position:** The Chamber's concern regarding this initiative is that it will force small businesses to scale back their operations, eliminating part time and entry level positions in the process. Minimum wage roles often represent the types of entry level positions which are attractive to students and young adults just entering the workforce. With teen unemployment standing at nearly nine percent and communities across the state initiating youth work programs for the summer, instituting a policy that eliminates these opportunities would be counterproductive.<sup>4</sup>

For those adults who are surviving on minimum wage, their raises would be negated immediately by an equivalent increase in prices. Both grocers and retailers operate under net margins far tighter than the thirty six percent raise proposed here. To remain profitable, these businesses will need to augment their prices accordingly. A better approach to poverty alleviation is one which connects individuals to the training and opportunities they need to thrive in a modern economy. With high demand for skilled labor in the advanced manufacturing and biotechnology fields, we advocate for placing people in positions that maximize the value their work creates and thereby facilitates a greater income.<sup>5</sup>

Regarding the impact on tipped employees, one can look to New York City and, once again, California. When similar laws were implemented there to eliminate the need for tipping, many servers actually faced a significant pay cut. In most states, including Massachusetts, a server's monthly pay must average out to at least minimum wage after accounting for tips and a low hourly rate. If this does not occur, the restaurant is required to pay its server the difference. This seldom happens and many servers earn well above minimum wage, especially in full service establishments. California and New York City eliminated this system and instead implemented flat hourly rates. Rather than stabilizing wages, many waiters and waitresses saw a reduction in pay as patrons ceased tipping- the additional cost having already been accounted for in their bills. At the same time, those establishments that could not increase their prices reduced hours or shuttered completely. One study found that "each \$1 increase in the minimum wage was found to increase the rate of closure for median-rated (3.5-star) restaurants by 14%!"<sup>6</sup>

Representing a business community that directly abuts New Hampshire's southern border, we must also consider the impact this could have on regional competitiveness. Increased wages will ultimately be transferred to the consumer in the form of increased prices. If a consumer can avoid this additional expense by simply crossing a state boundary, they are likely to do so.

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<sup>4</sup> (Governing.com)

<sup>5</sup> (CSIMarket Company, 2018)

<sup>6</sup> (Saltsman, 2018)

Likewise, companies that do not wish to pay entry level employees an inflated wage will likely invest elsewhere. In either case, the result is a loss of business and competitive advantage to the region.

**Vote:** The Chamber opposes this measure and asks that you do likewise. If it is to remain relevant as the economy changes, North Central Massachusetts will need to attract new investment and maintain a healthy employment rate. Instead of taking action that will almost certainly prove costly and self-defeating, the state should support programs that connect individuals to new opportunities through training and skills. Should an increase in wages be necessary, it might also consider establishing a teen or training wage that would allow businesses to recruit young, inexperienced employees in a cost effective manner. With that in mind, we ask that you vote against this initiative.

### **17-18 An Initiative Petition for a Law Establishing a Paid Family and Medical Leave Insurance Program**

**Summary:** This proposal would establish paid family and medical leave for any individual working in the Commonwealth. If passed, the law would create a fund financed by a dual income and payroll tax. Employees would be permitted to draw upon this fund for up to sixteen weeks of family leave and twenty six weeks of medical leave, during which they would qualify for 90% of their weekly salary with a maximum payout equivalent to \$900 a week. For the purposes of this proposal, “family leave” could be taken to “care for with {sic} a child after the child’s birth, adoption, or placement in foster care; to care for a seriously ill family member; or to address needs arising from a family member’s active duty military service.”<sup>1</sup> Moreover, upon return from leave, employers would be required to restore an employee’s previous position.<sup>1</sup>

**Our Position:** While the intentions behind it may be laudable, this proposal would prove impractical and incredibly expensive to implement. The cost associated with this tax has been estimated at \$1 billion, split evenly between employers and employees. It would necessitate the establishment of a \$70 million bureaucratic framework to manage it, and instantly create a \$55 million liability for the Commonwealth- which is to say, the taxpayers. This is all compounded by the fact that employers who already offer paid leave are almost certain to eliminate their private programs in light of a public one being laid upon them.<sup>7</sup>

Beyond its sheer cost, this program is also overly rigid in its application. It lacks any form of relief for small businesses, meaning even a local, independent retailer staffed by part time employees would be required to cover this surcharge and provide these benefits. Contractors are also covered, at half the percentage leveled against regular employees.

**Vote:** As is probably apparent from the description above, this is likely among the most complex initiatives on this year’s ballot. There are several proposals to establish paid leave moving through the Legislature and negotiations between representatives from business, labor, and state government are currently underway in an effort to preempt this question. Even on

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<sup>7</sup> (Regan, 2018)

the left, many recognize it asks too much. Should these efforts fail however, we ask that you vote “no” in November.

### **17-21 An Initiative Petition for a Law Reducing the Burden of Sales and Use Taxes and Requiring a Sales Tax Free Weekend**

**Summary:** Sponsored by the Retailers Association of Massachusetts (RAM), the above petition would reduce the state’s sales tax by 1.25% and establish an annual sales tax holiday if passed.<sup>1</sup>

**Our Position:** Retailers are among the most heavily taxed and regulated businesses in the Commonwealth. Not only does the state’s 6.25% sales and use tax place them at a distinct disadvantage compared to competitors online or in New Hampshire, but Massachusetts is one of only two states nationwide which require retailers pay employees full overtime rates on Sundays. Moreover, if passed, the other initiatives discussed here would have an outsized effect on the sole proprietors who define the main streets in many of our communities. As small enterprises with limited budgets, these operations tend to be incredibly cost sensitive.

**Vote:** As stated above, extraordinary steps are needed to protect small businesses in the face of mounting regulations. To that end, we hope you will consider the shops and independent establishments which define our downtowns and vote in favor of this motion.

### **15-17 An Initiative Petition for an Amendment to the Constitution of the Commonwealth to Provide Resources for Education and Transportation Through an Additional Tax on Incomes in Excess of One Million Dollars**

**Summary:** Commonly referred to as the “Millionaires’ Tax”, the initiative listed above would implement an additional levy of four percent upon any taxable income above \$1 million. According to the petition’s language, this additional state revenue would be utilized “for quality public education and affordable public colleges and universities, and for the repair and maintenance of roads, bridges and public transportation”.<sup>1</sup>

**Our Position:** While at first glance, this amendment would only adversely affect the top 0.25% of the Commonwealth’s population by income, a closer inspection reveals a far broader impact. As written, the proposal would not only apply to household income but also to revenues from LLCs and other tax classifications utilized by small businesses- often referred to as “pass through entities”. Thus, rather than applying to the wealthy alone, this would penalize many middle and working class business owners for their hard earned success.

Complicating matters further is the fact that this proposal alters the state’s constitution. This eliminates any opportunity for legislative review and hamstring the ability of elected officials to make adjustments if necessary. The only recourse would therefore be a return to the ballot, which would undoubtedly entail a long, costly political campaign. This would be untenable for

local entrepreneurs and discourage the type of external investments that have driven the state's economy to new heights over the last decade.<sup>18</sup>

**Vote:** The constitutionality of this proposal is so dubious that a challenge to its inclusion on the ballot is under review by the Commonwealth's Supreme Judicial Court. However, should this proposal survive legal review, we hope that you will still take into consideration the effect it would have on small businesses across the state and the region. Massachusetts should not address the needs of its schools and its infrastructure at the expense of its entrepreneurs. Please vote "no" on this amendment.

*While these statements are policy as of the effective date of this document, the Chamber reserves the right to adopt changes and make modifications and additions to its positions, and will continue to monitor legislation and issues as they develop.*

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<sup>8</sup> (Samantha J. Gross, 2018)

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