



Massachusetts Package Stores Association, Inc.

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**Written Testimony of the Massachusetts Package Stores Association
Submitted to
Executive Office of Labor and Workforce Development
One Ashburton Place, Suite 2112
Boston, MA 02108**

For the Hearing on Record of draft regulations impacting the Department of Family and Medical Leave.

Wednesday, January 30, 2019

Dear Executive Office of Labor and Workforce Development Representative(s) and respective Representative(s) of the newly established Department of Family and Medical Leave,

Thank you for the opportunity to provide feedback concerning the proposed regulations to the Department of Family and Medical Leave. Below are the written comments and concerns of the more than 800 members of the Massachusetts Package Stores Association (MPSA). Independent retailers of beer, wine and spirits have a material stake in the outcome of these hearings as the alcohol beverages industry in Massachusetts represents over 189000 jobs, \$1 billion in state taxes and fees and \$29 billion in total economic activity.

The new Family and Medical Leave Law was initiated as part of the so-called "Grand Bargain." While only a few other states in the entire United States have similar programs, their rules and regulations are far less prescriptive on small businesses than the Massachusetts law. In reviewing the draft regulations, MPSA's primary recommendation is to defer application of the new 0.63% tax until January 1, 2020. In this way small businesses across Massachusetts will not be hit off-guard at mid-year with a new material tax that is not budgeted.

In effectuating the new regulations, it is important to recognize that the new payroll tax was not implemented through the normal legislative process, but rather was effectuated to offset a ballot referendum in November. Consequently, there were no hearings or deliberations regarding the business impacts of these new regulations. Businesses typically build their budgets in November for the next year and they operate on a calendar year schedule. Due to the unconventional establishment of the new payroll tax and its draft regulations most companies have no idea that this is coming at them in mid-year.

It is also important to acknowledge that the 0.63% Family and Medical Leave tax is not the only sizable levy placed upon small businesses in Massachusetts this year. The increases during the past few years to the costs on small businesses in Massachusetts have been relentless. There have been increases in the minimum wage several for years in a row. Last year, the new minimum wage law again placed Massachusetts with the highest minimum wage in the country. Another substantial burden is the Employer Medical Assistance Contribution (EMAC) assessment. This "temporary" assessment/tax was put on small businesses to counterbalance MassHealth revenue shortfalls. It has been incredibly burdensome and with little to no relief. In addition, businesses must comply with the new sick pay leave law and another substantial increase to mandated unemployment insurance. Under the circumstances, a modest postponement of the new tax until January 1, 2020 is far from unreasonable. Businesses could also better absorb the hit next year because the EMAC assessment allegedly sunsets in 2020.

The Massachusetts Package Stores Association (MPSA) is a non-profit trade organization representing the interests of the two thousand independently owned retailers of beer, wine and spirits across Massachusetts. The Board of Directors of MPSA are primarily comprised of owner/operators of liquor stores. Contact MPSA with any questions at (800) 322-1383, or email info@masspack.org. Visit the MPSA website at: www.masspack.org



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Frankly, the family and medical leave regulations that go into effect on July 1, are going to be a substantial burden to small companies in Massachusetts. Many will not have the personnel, means or the expertise to absorb the hit. Particularly caught off guard will be small businesses with fewer than 25 full time equivalent employees. A significant number of these small businesses do not even know that this new law applies directly to them by means of the mandate in the draft regulations to collect and then submit the revenues to the state.

As an example, please consider how the small independent “Mom and Pop” package store in the Berkshires is going to manage compliance by paying the employee/employer contribution, counting every employee’s family and medical leave hours and adjusting schedules to offset people taking their time off benefits. Keep in mind that these companies are typically family run and do not maintain comprehensive HR departments. Many of them also produce their own payroll. The draft regulations should not substantially burden local commerce that is already under extreme pressure. This will be the unintended consequences of the draft regulations set to go into effect unless some reasonable consideration within the implementation are provided to small businesses.

Time will tell if our concerns have merit. In the interim we respectfully ask for a reasonable delay in the enrollment of the new tax or that a small business impact study be conducted to determine the financial and regulatory impact of the new regulations on small businesses. Let’s know for sure that this new law is not overly harmful to small businesses. In that manner, we will also give the Legislature the tools needed to responsibly adjust the Family and Medical Leave Law going forward as has been done with the Sick Pay Leave Law.

Again, thank you for providing this forum. Thank you also for accepting and reviewing the feedback of the Massachusetts Package Stores Association. Please know that your service to the Commonwealth is appreciated.

Respectfully submitted,

Robert A. Mellion, Esq.

Executive Director | General Counsel

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