



## **Committee on Community Resources and the Northampton City Council**

*Committee Members:*

*Chair: Councilor Gina Louise Sciarra*

*Vice-Chair: Councilor Dennis P. Bidwell*

*Councilor Alisa F. Klein*

*Councilor James Nash*

### **Meeting Agenda**

**Date: June 18, 2018**

**Time: 5 p.m.**

**Location: City Council Chambers  
212 Main St., Northampton, Massachusetts**

**1. Meeting Called to Order and Roll Call**

**2. Public Comment**

**3. Minutes of Previous Meeting**

**A. Minutes of February 27, 2018 and Special Meeting March 5, 2018**

Documents:

[02-27-18\\_Community\\_Resources.pdf](#)

[03-05-18\\_Community\\_Resources.pdf](#)

**4. New Business**

**A. Discussion of the final report of the MA Senate Task Force on  
Strengthening Local Retail**

Documents:

[Report On Senate Task Force - Strengthening Local Retail.pdf](#)

**B. Quarter-term committee check-in and discussion of ideas and goals for the remainder of the term**

**5. Adjourn**

**6. Items Referred to Committee**

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## **Committee on Community Resources and the Northampton City Council**

### Committee Members:

*Chair: Councilor Gina Louise Sciarra*

*Vice-Chair: Councilor Dennis P. Bidwell*

*Councilor Alisa F. Klein*

*Councilor James Nash*

### **Meeting Minutes**

**Date: February 27, 2018**

**Time: 4:30 pm**

**Location: City Council Chambers, 212 Main St., Northampton, Massachusetts**

1. **Meeting Called to Order and Roll Call.** At 4:32 p.m., Chair Gina-Louise Sciarra called the meeting to order. Present were Councilors Sciarra, Dennis Bidwell and Jim Nash. Councilor Sciarra noted that Councilor Klein would be late.

Councilor Sciarra opened by stating that it had been a very sober day as they remembered a great man and his service (Representative Peter Kocot, who passed away February 22, 2018.)

She announced that the meeting was being audio and video recorded for broadcast by Northampton Community Television.

2. **Public Comment**  
**Benjamin Spencer of 8 Rust Avenue** told members that Councilor Bidwell sent out an e-mail regarding the order to accept easements on Village Hill, including a drawing of the trails on Village Hill. He is very pleased to see that the paths were included as a part of the development and said he wanted to commend those who decided to keep the paths active.
3. **Minutes of Previous Meeting**  
A. Approval of Minutes of January 29, 2018  
Councilor Bidwell moved to approve the minutes of January 29, 2018. Councilor Nash seconded. The motion passed unanimously 3:0.
4. **New Business**  
A. **18.030 Order to Accept an Easement at Village Hill - referred 2/1/2018 by City Council**  
Councilor Sciarra read the text of the order.

Councilor Bidwell moved to forward the order with a positive recommendation. Councilor Nash seconded.

Councilor Nash expressed his understanding that the trails are already in place at Village Hill and that the order is just formally accepting easements for walking paths already in place.

The paths north of the housing lots have historically been there for decades, Senior Planner Carolyn Misch confirmed. The idea of the Special Permit approved in 2003 was that there would be a continuous north/south connection of trails. The special permit formalized that connection and required certain improvements on a portion of the trails. This order makes them publicly accessible through a permanent easement.

Councilor Bidwell said he had asked for the order to be referred to committee so Village Hill folks would have a chance to be aware of it. He did hear from one other Village Hill resident, he advised. It is nice to see the project at this stage of development.

**The motion passed unanimously 3:0.**

There being no other new business, Councilor Sciarra announced a recess until 5 p.m. The board recessed at 4:41 p.m.

At 5 p.m., Councilor Sciarra reconvened the meeting, announcing that it was a public forum on recreational retail marijuana sales. Members introduced themselves. Councilor Klein arrived.

5. **Community Forum on Retail Marijuana Sales**

Presently, the Cannabis Control Commission is on the second day of policy deliberations on amendments to draft regulations released back in December, Councilor Sciarra reported. Yesterday they voted to postpone licensing of home delivery services and social consumption locations, she added. Regulations must be in place by March 15<sup>th</sup>.

The public forum will begin with three brief presentations, then committee members will open up the floor to public comment, she explained. This committee will not be deliberating on zoning regulations or on the order to adopt a local option sales tax; rather, those items will be discussed in the Legislative Matters and Finance Committees.

**BOARD OF HEALTH PRESENTATION**

Joanne Levin, chair of the Northampton Board of Health (BOH), commented that, with retail marijuana being a new business, [legislators] have the opportunity to sort of 'get it right from the beginning' as opposed to things like cigarettes. She wanted to make comments in two sections:

Issues around zoning are urgent because zoning regulations have to be in place by April 1<sup>st</sup>, Ms. Levin reminded. If there are zoning issues not addressed in the pending zoning proposals, someone needs to move on these.

Regarding caps, since a majority of voters voted to legalize marijuana, she expressed her understanding that they are required to allow a certain number of retail establishments (specifically 4.3, a percentage of alcohol retailers). They have the liberty to decide that they don't want 10 pot shops on Main Street day one.

She thinks they do have the option to limit the number of institutions or the density, and time is of the essence, she stressed.

The second category of comments has to do with things not addressed by the Cannabis Control Commission (CCC) draft regulations, she continued. The CCC has said that in all retail shops, people have to be 21 to enter, but in multi-use shops (mixed use establishments) people do not have to be over 21 to go in. It is not clear what type of establishment this could be and whether there is any limit to the type of establishment; i.e. – whether it could be a restaurant, t-shirt shop or toy store. She voiced the opinion that they should require someone to be 21 in order to enter.

Another issue the CCC did not address is mobile units. City officials don't allow food trucks; do they want a pot truck? She asked rhetorically. If someone comes up to a truck with a three-year old in tow, how do they control exposure to youth, she questioned.

She would like to see BOH approved education at every point of sale. Health representatives want to educate people about safe storage of pot, driving under the influence, etc. and make sure visitors know local rules and regulations.

An issue that is less obvious but that she feels fairly strongly about is public smoking. When she was young, cigarettes were everywhere: on primetime TV, billboards, airports, etc. It has taken fifty or sixty years of public health work to try to de-normalize smoking. They now have no smoking in restaurants, bars and city parks. She thinks the normalization of smoking is not good public health policy, she shared.

It sounds to her like they need a city ordinance to catch up on things the CCC did not include or that they would like local control over. She offered the services of Public Health Director Merredith O'Leary and a lawyer with the Massachusetts Association of Health Boards as resources to write such regulations.

The goal is to offer adult use marijuana in the city safely, not disturbing or changing the character of downtown and preserving the health of the downtown, Ms. Levin concluded. She offered whatever help her board could give.

**NETA representative Leslie Laurie**, the founder and CEO of Tapestry Health for 40 years, introduced herself as the regional director and Director of Patient Services for NETA for the last three years. Over three years she thinks they have brought cutting-edge public health to Northampton. She introduced her colleague Amanda Rositano, NETA's Director of Operational Compliance and former chief of staff for Representative Smizik from Brookline, creator of all policies and procedures for NETA, and Kim Napoli, an attorney and Director of Diversity for NETA. Attorney Napoli was honored to be selected to be on the advisory board to the CCC, she related.

She has been with NETA from almost the beginning, before it opened in Northampton, Ms. Rositano volunteered. She was asked to speak about the implementation of medical marijuana regulations here in Northampton through the NETA facility. Medical marijuana was created as a result of a ballot question in 2012, she related. Regulations 105 CMR 725 were enacted through that ballot question and are at the core of how they operate as a business. NETA was among the first group of dispensaries licensed in Massachusetts and received the highest application score in that process. They are a mission-based organization that works to improve the health and well-being of Massachusetts registered medical marijuana patients. They are serving a little over 11,000 unique patients at NETA Northampton each year. Patients are very diverse in age, race, ethnicity, occupation and medical conditions. The youngest patient is 4 and the oldest is 98. The oldest patient in Brookline is 102, while the average age is 48.

It has been a remarkable experience to see how many people and how many conditions have been able to be helped through their services and their products.

The team is comprised of a diverse group of individuals with one of the founders being one of the first dispensary operators in Colorado and head of the Colorado industry association.

NETA Northampton was the second dispensary licensed in Massachusetts and the second to open. They are proud of its reputation and the relationships it has built in the community. All of their products are grown and manufactured in Franklin, MA and they also have a dispensary in Brookline with a full commercial kitchen. Workers produce over 130 treatment options. She is proud to say that NETA has the most innovative products in the industry because of its research and development arm, Molecular Infusions. The company employs about 300 employees; 60 of them here in Northampton. Technicians are cultivating a broad variety of strains and products to help patients with a variety of conditions, including tinctures, lotions and capsules.

NETA Cares is the philanthropic arm of NETA, expanding on its mission of improving lives and medical conditions. NETA staff and management participate and advocate for a number of different significant causes. Ms. Laurie passed out a handout highlighting some of that work.

Through the state licensing process, NETA works very closely with the city to ensure a smooth roll out and make sure that any concerns are addressed, Ms. Rositano continued. Representatives pride themselves on organizational values of operational compliance, responsibility and doing the right thing.

As medical marijuana regulations were promulgated, she was responsible for crafting a set of comprehensive policies and procedures for making sure NETA remains in compliance with state regulations, Ms. Rositano confirmed. The core of regulation is about the safety and security of patients, staff and the general public, which are of utmost importance to NETA. They don't spare any expense when it comes to safety and security. Security includes on-site security staff and extensive surveillance coverage. Only patients are authorized to enter the facility at this time.

Education is at the core of what they do; making sure that staff is well-trained to provide proper education to patients around the safe storage, responsible use and different kinds and strengths of cannabis products that might benefit the patient.

Product quality is central to what they do and a point of close oversight by regulators. All of their products are produced in house in Franklin and have to pass extensive lab testing prior to sale to any patients. Testing ensures that products are free from contaminants. They work very closely with the Department of Public Health (DPH) and are subject to regular unannounced inspections at all of their facilities. Through these inspections, NETA has really established a solid track record of compliance.

NETA representatives are proud of what they have been able to accomplish in Northampton and look forward to working closely with the city as recreational marijuana is rolled out, she concluded.

Attorney Kim Napoli briefly addressed the new regulations for recreational marijuana. She is a Cannabis Advisory Board member and Director of the Diversity program at NETA. In this role, she has had the

opportunity to work directly with the CCC and other advisory members to come up with regulations for the adult use market.

NETA intends to convert to an adult use establishment as well as to maintain its medical status, Attorney Napoli confirmed. The CCC must subsume DPH's role in the future. NETA intends to be as compliant as it always has been. With regard to the lack of clarity and certainty on certain features of recreational marijuana, NETA does not intend to engage in social consumption or home delivery. There really is a lot coming down the pike as far as adult use goes but NETA always intends to stay true to its mission statement and to be a compliance partner and leader in the industry. Patients come first for them. It is important for patients to have continued access to products and services.

She volunteered for people to contact her with concerns about the regulatory process.

#### **NORTHAMPTON PREVENTION COALITION/SPIFFY**

Ananda Lenox, coordinator for the Northampton Prevention Coalition (NPC), stressed that the prevention coalition is focused on reducing teen drug abuse rates. She proceeded to review some of the measures prevention advocates are hoping Northampton will adopt to reduce youth exposure to marijuana. She has really been happy with the distinction the CCC has made between adult use and youth use, she said.

The human brain develops until about the age of 25. Research has shown that addiction is primarily a developmental disease which means people are more likely to develop addiction if introduced to drugs at an earlier age. Alcohol and marijuana both affect academic success.

NPC members do a Prevention Needs Assessment every two years in which they survey 8<sup>th</sup>, 10<sup>th</sup> and 12<sup>th</sup> grade students at Northampton High School, JFK Middle School and Smith Vocational School on substance use and other factors that contribute to academic success. In the most recent survey, 470 students were surveyed. She showed a chart of substances used regularly by teenagers. There are a lot of heavy hitters, but alcohol and marijuana are always two front runners. Cigarette use has dropped down significantly, she noted. This is the first time in at least 10 years that marijuana use has gotten close to alcohol use, she presented.

She showed a chart with a graphic depiction of trends in marijuana use, prescription drugs, etc. The senior class is the one they are most concerned with. There are little upticks in use every time a substance becomes more acceptable in the community, she noted. The majority of students are still smoking marijuana as opposed to other methods of ingestion. When a drug is seen as less harmful, they see that use rates do increase, she reported.

Ms. Lenox reviewed policies she claimed public health advocates observe can help reduce youth use:

- Capping outlet density
- Upholding state workplace safety laws regarding public smoking and making the laws enforceable
- Making all marijuana retailers - including mixed use establishments - 21 and older

She showed a list of organizations in support of outlet density capping. Public smoking and consumption is now not allowed per CCC regulations. However, right now Northampton has no true means of enforcing that regulation, she asserted. Police can cite people for public consumption and issue a ticket, but there is

no agency charged with enforcing payment, so most tickets just get thrown away, according to Police Chief Jody Kasper.

The CCC regulations are very clear about sales being for adult use only, and she is fully in favor of that. However, she identified mixed use retail as an area needing clarification and possibly some restrictions.

**Heather Warner, coordinator of the SPIFFY coalition**, informed committee members that, similar to NPC, the coalition collects data throughout the county, surveys students periodically and creates a culture where youth are supported to make healthy choices. She referred to a public health framework for legal marijuana developed in Colorado

She started in public health at the Holyoke Board of Health as the Tobacco Control Director and, as part of her position, wrote tobacco control regulations for the city. Holyoke was the first city in the state to have smoke-free restaurants, she related.

Health officials can educate young people and adults up and down, but until [legislators] create a policy that shifts the norm, they don't see such good results, she observed. She disagreed with the assertion that the marijuana industry is regulated like the alcohol industry. Unlike alcohol, marijuana retailers don't have a three-tiered system that separates retail from wholesale and manufacturing, there are no caps, and there is no local licensing. Only six forms of state ID for alcohol are accepted but, so far, in the regulations from the CCC, any federally-approved id is accepted. Unlike for alcohol, there are no pricing controls for marijuana, she maintained.

The fact that marijuana is not really regulated like alcohol and there is not local control is all the more reason there needs to be attention at the local level.

Ms. Warner reviewed public health goals to prevent youth use of marijuana, including:

- Education about risks to youth development
- Delay age of initiation
- Limiting access to products, marketing and advertising (by minimizing density and effective enforcement)

She referred to what other communities are doing, noting that, among other things, Amherst has implemented a cap of eight retailers and imposed a 300-foot buffer, and Easthampton has proposed a cap of nine and a buffer of 350 feet. South Hadley voted to approve a November ballot question to ban recreational marijuana altogether.

She encouraged the city to "go slow and get it right." Mistakes made from the outset are also potentially harmful to retailers by causing them to waste money on unnecessary investments, she suggested. She urged councilors to consider the public health implications for all decisions and to include public health professionals in the decision-making process. Specific suggestions are

- ❖ Dedicating funding for drug prevention, education and enforcement
- ❖ Caps or restrictions on outlet density
- ❖ Special permits and strong host agreements
- ❖ Advertising restrictions
- ❖ Adopting an ordinance for public use and a nuisance ordinance for odor



❖ Setting up effective enforcement systems

Councilor Sciarra opened the floor to public comment.

**Angela Cheek of 15 Crestview Drive, Florence** identified herself as the head of dispensary of NETA Northampton. She commented how proud she is, as the mother of teenagers, to be part of the organization. She has a medical condition which is how she got introduced to marijuana to begin with. She was able to come off opioids as a result of medical marijuana, and her children have witnessed her journey and seen the difference in her life after discontinuing opioid use. It is a priority of not just NETA but her personally to be sure youth access is as guarded as it possibly can be. She does not believe it is appropriate for children. She has worked with the parents of children and seen the result of using medical marijuana for seizure disorders and anxiety; using it for medicinal purposes has been really remarkable, she confirmed. She has a team of 60 people that she leads every day. It is vital at NETA that they can continue to lead and to make sure patients are cared for. She is very proud of what they do and is committed to making sure youth are protected, she assured.

**Northampton BOH member Cynthia Suopis of 120 Coles Meadow Road** thanked the city council and subcommittee members for taking the very first step as Northampton moves toward implementation of the new laws. She said she wanted to highlight Dr. Levin's comments, and she thinks Northampton has the opportunity to distinguish itself in the Commonwealth by building a series of policies and practice that reflect not only progressiveness but also its focus on health and safety.

Dr. Suopis presented several issues for consideration:

- ❖ The number of cannabis establishments the city is going to permit and where they're going to be
- ❖ How they are going to address recreational use in public
- ❖ Who will be responsible for enforcement and how it will be carried out
- ❖ How they are going to educate and involve citizens and youth

Dick Evans, who identified himself as a Northampton lawyer, chair of the SO4 campaign and supporter of legalization and normalization of cannabis, referred to another speaker's statement that cities and towns have no control over the industry. One often hears the term 'the new industry,' but he pointed out that marijuana is not really a new industry, it is a very old industry. What is new is the system of imposing controls over marijuana sales rather than leaving it to the underground.

The initiative passed by voters and ratified by the legislature last summer expressly opposes a lot of authority on the part of cities and towns to control the industry; in fact, it grants municipalities the ability to regulate the time, place and manner of licensed marijuana operations, he asserted. To suggest that cities and towns have no control is simply false.

He supports the notion of 'evidence-based' impacts. He urged the committee to look at hard evidence of the effect of legal marijuana on public health, public safety and the character of the community, etc., suggesting that they would find very little if they look at places where it has been legalized.

With regard to zoning, zoning laws regulate the use of land. They are not here to re-litigate the question of whether marijuana should be legal; the voters have spoken on that issue. They are here to determine how zoning laws should be revised if at all to protect the character of the community, he clarified.

There will be a merger of medical and non-medical marijuana at the end of year, he noted. He urged the committee to eliminate the concept of 'medical marijuana' since it will not be needed once medical and non-medical are merged and not to incorporate the term 'recreational,' since, "that's slang." The term recreational does not appear in the statute nor does it appear in the CCC regulations, he pointed out.

With regard to the regulation of establishments, the heavy lifting is being handled by the CCC itself. It is not a responsibility imposed on the city but local officials do have the right to exercise further control through zoning and host agreements. He urged them to fold this new industry into existing mainstream commerce in the community.

**Laurie Loisel of 46 Grant Avenue** agreed that communities have the ability to take some control but noted that if they don't take it, they won't have it. She thinks Heather is saying, 'Don't just wait for the CCC, do what's in your power to minimize the harm to youth.' Ananda and Heather are trying to minimize the possibility that young people will start thinking it isn't harmful because it *is* harmful to the developing brain. The Mayor kind of threw up his hands and didn't want to do anything, she remarked.

### DISCUSSION

Councilors asked questions and offered comments.

Jim Nash asked NETA representatives how they envisioned things changing in the way they presently do business.

NETA is hoping to open a retail establishment July 1<sup>st</sup>, Ms. Laurie responded. They will continue to offer individual counseling and educational handbooks. If the customer is buying adult use marijuana, he or she will pay a 3% tax; this will be the difference for adult use sales. The education, careful security and careful testing of all their products will continue, she assured.

Attorney Napoli agreed that practically there will be no difference. The same standard of operations will continue, but the bright-line difference will be whether a customer is paying a tax or not.

Councilor Nash asked if they are anticipating a rush.

Attorney Napoli said it realistically depends on how many establishments are opening up statewide. Yes, she would expect there to be more business and they will certainly plan for that. They will have an app to tell people if there is a line. They plan to have enough product to meet demand.

They work closely with the police, Ms. Laurie added.

Regarding safe storage, Ms. Rositano said they make sure that the product does not look like candy.

Councilor Nash asked about methods of packaging.

All packages are required to be plain, opaque and child-proof, Ms. Rositano confirmed. They do sell a chocolate bar and it is clearly labeled as a marijuana use product. It is placed in an exit bag that is child proof and patients are counseled on its use. There are many many measures already written into the regulations around packaging and safe storage. Any time they have a new product its packaging is reviewed by the BOH.

They were happy that all of the design packaging was done by a group in South Hadley, Ms. Laurie noted.

The BOH has requested some collaboration around storage, Ms. Warner advised. She thinks NETA is a wonderful concept and idea but she is not confident that every retailer will be that conscientious. She knows the regulations prohibit certain types of packaging but that doesn't mean that some packaging won't be attractive to youth. Not every place will have roots in Northampton and the knowledge base NETA has on the products.

With regard to public use and smoking, Councilor Bidwell asked about the status of the public smoking ban.

It is illegal to consume marijuana in public, Attorney Napoli confirmed.

Northampton currently has a ban on smoking in municipal buildings and public parks on the books but people smoke both cigarettes and marijuana in Pulaski Park, Ms. Levin pointed out. Right now they don't have anyone enforcing the restriction. They have signs at bus stops but no enforcement. If they are going to start having pot, now is the time to talk about more enforcement, she suggested.

**Health Director Merredith O'Leary** confirmed that Northampton has smoking regulations that cover all combustible products. Smoking is prohibited in recreation areas. The ban has been pretty successful in most city parks and recreation areas except Pulaski Park. The Mayor just put new revamped signs there and new signs at bus stops. The way the regulation is written, if people can't smoke cigarettes, they can't smoke marijuana. They are currently having discussions about expanding places where smoking is prohibited and creating smoke-free downtowns. If they do impose new rules, marijuana will be included.

With regard to enforcement, she has had conversations with the Mayor and Police Chief Kasper. With one and a half employees, the health department cannot enforce smoking regulations. The city can either hire someone or give the enforcement responsibility to people already out there – police officers. Right now smoking is a non-criminal infraction so violators just get a ticket. Discussions about enforcement are taking place between departments and the Mayor, she confirmed.

Councilor Bidwell asked if there is any talk about an additional ordinance that would address the matter of a cap or density.

What's in front of the council now are land-use changes, Senior Planner Carolyn Misch advised. Someone could argue it is land-use control but it is more of a political decision, she suggested. Density restrictions may work in large communities with huge downtown areas, but many municipalities around the country have fairly small commercial districts. In such cases, if there is interest in limiting establishments, a cap is a better way to minimize them than dispersing them on the edges of the district, she said.

Councilor Klein referred to the tension between what is evidence-based and what is not evidence-based. She is a little surprised they didn't hear any evidence that has been collected from those locations; i.e. – if youth use has increased, etc.

There are studies out of Colorado that suggest that teen use has not increased but rather decreased, Attorney Napoli stated. Studies are showing that [legalizing recreational marijuana] does not increase use among teens; in fact it stays the same. She said she would be happy to share that information.

There is a lot of evidence from the other states, Mr. Evans confirmed. In Colorado there have been a number of studies that indicate that property values in neighborhoods with establishments have increased and that property crime is decreasing.

People need to look closely at the studies because there are a number of communities that haven't been surveyed, Ms. Warner countered. Readers will see that youth rates have risen in certain communities. She said she could provide that information.

Councilor Klein asked about the reference to studies showing that, in areas where marijuana has been legalized, opiate use has gone down.

Ms. Laurie said she feels really proud about being involved 18 years ago in bringing a needle exchange program to Northampton. The opiate problem in Northampton is pretty serious, she observed. It has been rewarding to her to see the number of individuals who come in with a list of opioids they are taking who are able to show later a reduction in the amount of opiates. There are a number of people in Northampton who aren't dealing with opiates because of medical marijuana, she asserted.

**Michael Kusek of 26 Center Street** said Northampton may be a destination for people seeking to use marijuana. By postponing action on cannabis cafes, he thinks the CCC is creating a bit of an issue for tourists who might want to come to Northampton to buy marijuana. As far as the number of businesses, he voiced the opinion that the free market will sort that out. The BOH and police force will have to work closely around enforcement to address public consumption.

Dr. Suopis thanked Councilor Klein for bringing up the point about evidence based impacts. Safe injection sites are now being considered, and [policy makers] have the opportunity to address what they now know. She would like to see them embrace this as well.

Councilor Bidwell asked NETA representatives to describe the physical changes to the NETA facility.

There is a requirement in the regulations for separation between medical and adult uses, Attorney Napoli explained. It is proposed to be virtual but there is also mention of a physical barrier. It is unclear where that barrier is; whether in the packaging or in the checkout area. Depending on where that separation is, NETA may have to make some minor modifications.

Councilor Bidwell asked if they are thinking there is going to be a single entrance, and Attorney Napoli said it is unclear. Regulations originally referred to a virtual separation, she reiterated.

Her dad is a radical political economist who taught at Hampshire College, Ms. Warner shared. Free market stuff isn't funny to her because this is big business; it isn't farm stands. She repeated the concern that not all retailers are going to look like NETA.

Rosa Toffe of 45 Olive Street said something super important to consider is mixed-use licenses and permits. People want to open yoga studios, etc. If Northampton has more of these places they will not have to worry about public consumption; marijuana use will become normalized. It is important to consider mixed-use licensing, where people will have the opportunity to 'dabble' in cannabis. There is a huge world

that sort of revolves around cannabis, she reminded. She said she wants to make it fair for smaller players to get into the market.

It depends on the mixed-use, Attorney Napoli commented. If it is a lounge, it will not be allowed. As of yesterday, the CCC voted to delay any more discussion of social consumption clubs until October 1<sup>st</sup>. [Licensing authorities] are not going to have a concrete request until next February.

Patricia Malone of Florence Center said she moved here seven or eight years ago and is impressed with how thoughtfully things are done. She wants to continue in the same vein. She urged councilors to maximize tax revenue to support education and prevention. She is also concerned with thoughtful zoning to reduce exposure to children and encouraged councilors to keep retail marijuana out of downtown and pedestrian areas. Also, how do they monitor driving while intoxicated? She asked.

Referring to Councilor Bidwell's earlier question about the science of impaired driving, Attorney Evans informed members that there are gadgets that purport to detect marijuana consumption. A field sobriety test is the standard test for drivers suspected of being impaired. Video is another tool; if police cruisers have videos or body cams and make a recording of the operation of the motor vehicle, the motorist's response and the field sobriety test, this can be shown to a judge.

Northampton cruisers have video cameras, Councilor Sciarra noted.

Ms. Lenox recommended raising awareness among youth about the danger of driving impaired. She cited another state with a good ad campaign.

As a Cannabis Advisory Board member, Attorney Napoli informed them of tools available on the CCC website. There is a wealth of information there, she said.

Jeff Garfield of Agawam said he is 23 years old and a marijuana user. It would be nice to have more stores available to provide the public with healthier, tested products, he remarked. He said he thought limiting shops was a problem. He thinks products like chocolate bars and other edibles are healthier than smoke-based products.

There being no further comments, Councilor Sciarra thanked everyone for coming. She repeated that Legislative Matters will be meeting at 7 p.m. to go over zoning proposals, while the local option sales tax will be on the next agenda of the Finance Committee.

**Adjourn.** At 6:46 p.m., Councilor Bidwell moved to adjourn. Councilor Nash seconded. The motion was approved on a voice vote of 4 Yes, 0 No.

Prepared By:  
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## Committee on Community Resources and the Northampton City Council

### Committee Members:

*Chair: Councilor Gina Louise Sciarra*

*Vice-Chair: Councilor Dennis P. Bidwell*

*Councilor Alisa F. Klein*

*Councilor James Nash*

### Meeting Minutes

**Date: March 5, 2018**

**Time: 5:30 pm**

**Location: City Council Office, 210 Main St., Northampton, Massachusetts**

1. **Meeting Called to Order and Roll Call.** At 5:30 p.m. Councilor Sciarra called the meeting to order. Present on roll call were Councilors Sciarra, Bidwell, Klein and Nash. Also present were Councilors William H. Dwight and Marianne LaBarge.
2. **Public Comment**  
None.
3. **Approval of Minutes**  
None.
4. **Items Referred to Committee**
  - A. **18.031 Resolution calling for DHS to extend Temporary Protected Status (TPS) for all nationals who cannot safely return to their home countries**

Councilor Nash thanked his co-sponsors on 18.031 for attending and working with him on revisions. He stated that the special meeting was called due to the many "extensive and impressive additions" to the resolution pertaining to DACA that were recommended by the Pioneer Valley Workers Center after the first reading of the resolution on March 1, 2018 at City Council. The additional "whereas" clauses were discussed and agreed upon by the committee and sponsors. The change of title to reflect the expanded resolution was also discussed and agreed upon. Scrivener's errors and inconsistencies with the Council's usual formatting for resolutions were corrected. The addition of citations for the data was also deliberated and committee members agreed in principle that they should be included, if possible. Councilor Klein offered to forward references she had to the sponsors. Councilor Bidwell moved to forward with a positive recommendation the amended resolution with the addition that the sponsors

would work to add citations and references when possible to the final document. Councilor Klein seconded the motion. The motion was approved on a voice vote of 4 Yes, 0 No.

5. **Adjourn.** At 6:03p.m., Councilor Klein moved to adjourn the meeting; Councilor Bidwell seconded the motion. The motion was approved on a voice vote of 4 Yes, 0 No.

Prepared By:

*Gina-Louise Sciarra, Chair, Community Resources*  
*(413) 587-1210*

**The Commonwealth of Massachusetts**

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**Report of the Senate Task Force**

**on**

**Strengthening Local Retail**

(pursuant to Senate Order - Senate, No. 2136)

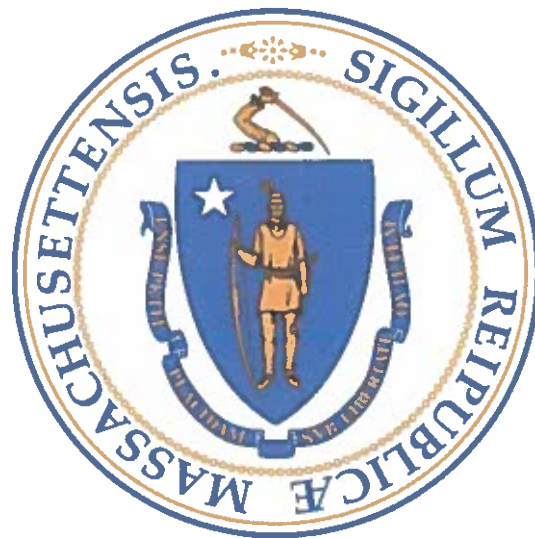
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May 30, 2018

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**The Massachusetts Senate Task Force on  
Strengthening Local Retail**



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## **Acknowledgements**

The Senate Task Force on Strengthening Massachusetts Local Retail would like to thank the many supporters and contributors of this initiative.

Special thanks to the following presenters, whose presentations and knowledge helped inform Task Force members on the Massachusetts retail industry:

- Professor Zeynep Ton, MIT Sloan School of Management
- Frank Julian, National Retail Federation
- Professor Michael Goodman, UMass Dartmouth Public Policy Center
- Eileen McAnneny, Massachusetts Taxpayers Foundation
- Jeremy Thompson, Massachusetts Budget and Policy Center
- Michael Kanter, Co-Owner of Cambridge Naturals
- Steve Burm, International Council of Shopping Centers,

With special acknowledgement to:

- Cyndi Williams, Executive Director of the Harwich Chamber of Commerce
- Wendy Northcross, CEO of the Cape Cod Chamber of Commerce
- Kathleen Anderson, President of the Greater Holyoke Chamber
- Rinus Oosthoek, Executive Director of the Salem Chamber of Commerce
- Bob Bradford, President of the North Shore Chamber of Commerce
- Lauren Grymek, Executive Director of the Melrose Chamber of Commerce
- Chris Senna, President of the Stoneham Chamber of Commerce
- Suzanne Beck, Executive Director of the Greater Northampton Chamber of Commerce
- Kevin Duffy, Strategy and Business Development Officer of the City of Malden
- Denise Gaffey, City Planner of the City of Melrose
- Joe Turner, Turner's Seafood
- Felis Barreiro, Alberto's Ristorante
- Dillon Murphy and the Murphy Family
- Jeremiah Micka, Operating Owner of Union Station

Staffing for the work of the Task Force was provided by several different sources. The Chairmen of the Task Force, Senator Rodrigues and Senator deMacedo, were assisted by Jeremy Spittle, Legislative Director to Senator Rodrigues; Kelsey Brennan, Communications Director to Senator Rodrigues; Brendan Dutch, Chief of Staff to Senator deMacedo; Patrick Johnson, Chief of Staff to Senator Cyr; Johannes Buchanan, Chief of Staff to Senator Humason; and Jacob Mueller, Legislative Aide to Senator Barrett.

The staff prepared agendas for the Task Force meetings, compiling data, which was disseminated to Task Force members and made publicly available, and were ultimately responsible for communications of the Task Force. Additionally, the staff drafted this report under the direction of Task Force Co-Chairs. Detailed minutes of the meetings, public agendas, and recordings of votes taken were prepared by Kelsey Brennan.

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## Introduction

The Senate Task Force on Strengthening Massachusetts Local Retail (“Task Force”) was established by Senate Order 2136, which was adopted by the Massachusetts Senate on July 27, 2017. The Task Force was charged with reviewing and reporting on a broad array of key factors and policies, and identifying ways to help strengthen the local retail sector in the Commonwealth. Pursuant to Senate Order 2136, it was so ordered and adopted,

*“that, there shall be a special senate taskforce to review and report on efforts to strengthen the local retail sector in the commonwealth. The review shall include, but not be limited to: (i) challenges faced by local retailers in a changing economic environment increasingly dominated by large online sellers; (ii) closures of local retail establishments, affecting local economies and property tax bases; (iii) initiatives taken by local retailers to increase or maintain their market share; and (iv) actions by state and local governments to encourage purchasing from local retailers, consistent with other important policy objectives including adequate revenues. The task force shall consist of 17 members, 7 of whom shall be members of the senate, 5 appointed by the president and 2 by the minority leader, 7 members who represent large and small retailers from geographically diverse regions of the commonwealth, 4 of whom shall be appointed by the president and 3 by the minority leader, 1 member whom shall represent the retailers association of Massachusetts, 1 member representing the Massachusetts AFL-CIO, and 1 member representing the Massachusetts State Council of the Service Employees International Union. The task force may consult with experts in business and economics to facilitate the committee’s work and shall hold at least 1 public hearing. The task force shall file a report of its findings with the clerk of the senate not later than June 1, 2018.”*

Co-Chairmen, Senator Michael J. Rodrigues (D-Westport) and Senator Vinny deMacedo (R-Plymouth) led the 17-member Task Force, and held a series of regional public meetings over the course of October 17, 2017 to May 15, 2018. These meetings served to inform the Task Force of the regional and statewide challenges and opportunities facing retailers across the Commonwealth.

## Executive Summary

The Task Force assessed the current economic health of the Massachusetts retail sector by examining relevant data and trends provided by retail experts, current policies and mandates on the industry, and testimony from retail employers and employees. Throughout the Task Force's travel across the state, small business owners and local retailers consistently reported that lower business costs and increased sales are paramount to a thriving retail industry.

With this in mind, the Task Force ultimately voted upon and issued the following set of findings detailing the challenges and opportunities facing the retail industry in the Commonwealth:

1. *E-commerce and the rise of technology, evolving consumer preferences, and demographic factors are changing the Massachusetts retail sector, presenting both new challenges and opportunities for retailers;*
2. *Technical and financial assistance could help support new and existing businesses, and establish retail as a strategic sector for the Massachusetts economy;*
3. *Factors such as the disparate tax treatment of brick-and-mortar retailers versus online retailers, the lack of a sales tax holiday, and the Massachusetts-New Hampshire border are contributing to a competitive sales tax disadvantage for Massachusetts retailers;*
4. *Rising costs of living in Massachusetts, including health care, child care, and housing/property, are burdening employees and employers;*
5. *Existing and future state mandates, including minimum wage, premium pay, and health care assessments, are contributing to rising costs of operation for Massachusetts retailers*

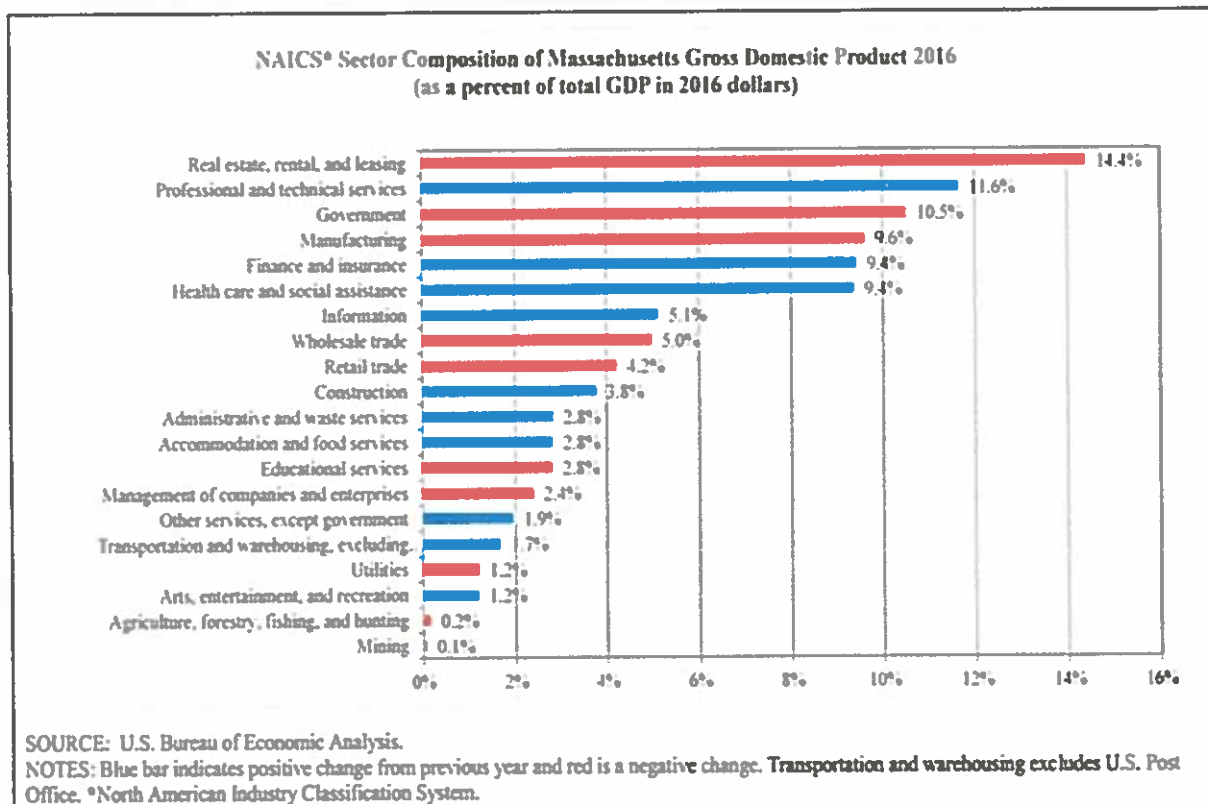
## A Changing Market

Charged with analyzing a broad array of key factors, the aim of the Task Force was to better understand the evolving challenges that local retailers face, such as emerging technology and changing markets. The Task Force also aimed to understand the impact of retail on downtowns and local economies, and initiatives undertaken by local retailers and chambers of commerce to encourage consumers to shop with local businesses.

To gain a firm understanding of the Massachusetts retail sector, the Task Force heard testimony concerning the overall economic health and condition of the retail sector in Massachusetts, and engaged in a thoughtful and frank discussion concerning the current challenges facing retailers.

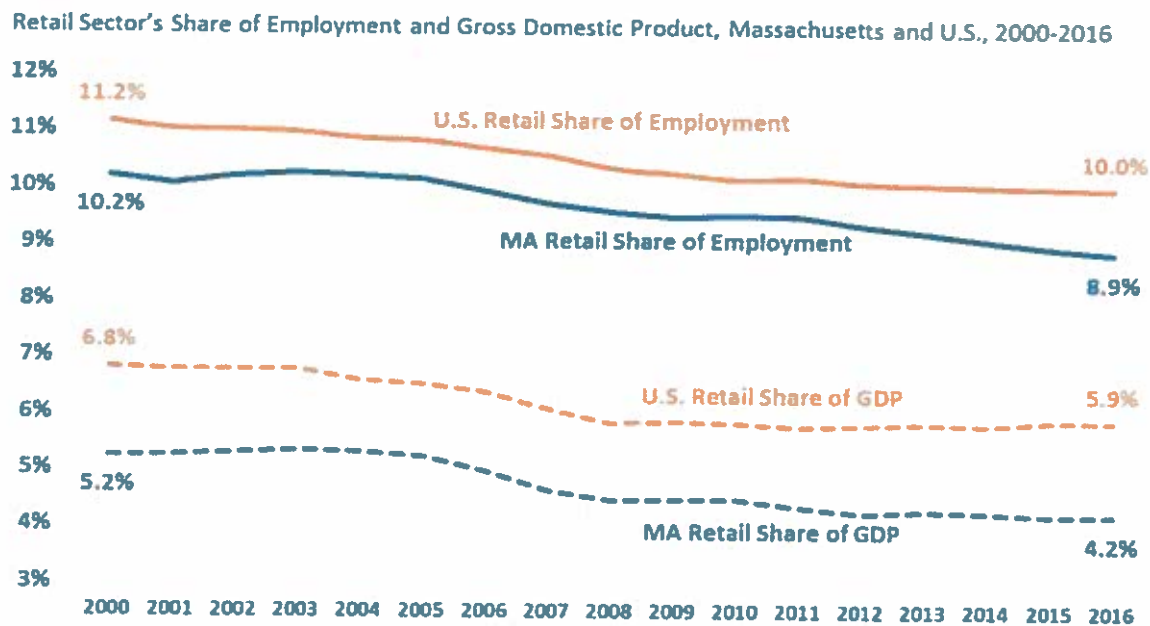
### *Breakdown of the Massachusetts Retail Sector and Emerging Trends*

Illustrated by data analysis prepared and presented by the UMass Dartmouth Public Policy Center and Massachusetts Budget and Policy Center, the Task Force was informed that the retail sector's share of employment and gross domestic product has been steadily declining both in Massachusetts and in the United States since 2000.



Just over 4% of economic activity in the state came from retail in 2016, excluding food service; retail's contribution to the Massachusetts state economy has diminished, while other sectors' contribution continues to grow.<sup>i</sup>

However, the retail sector continues to create jobs in Massachusetts. Exceeding its pre-Great Recession peak, retail employment has grown faster in Massachusetts than in New Hampshire. Despite retail's reduced share of the GDP, the retail sector in Massachusetts remains a substantial contributor to the economy. Direct retail spending by travelers and tourists in Massachusetts totaled \$1.7 billion in 2015, generating \$220 million in payroll and 7,800 jobs.<sup>ii</sup> In 2016, the restaurant and food service industry accounted for over 330,000 jobs in Massachusetts, and 10% of employment in the state.<sup>iii</sup>



Sources: U.S. Bureau of Economic Analysis

The Task Force acknowledges that Massachusetts has certain competitive advantages, including access to a highly educated workforce, ongoing innovation and research, and the strong presence of higher education institutions. However, while those advantages extend to certain sectors, there are limitations to the extent that the retail sector benefits from them.

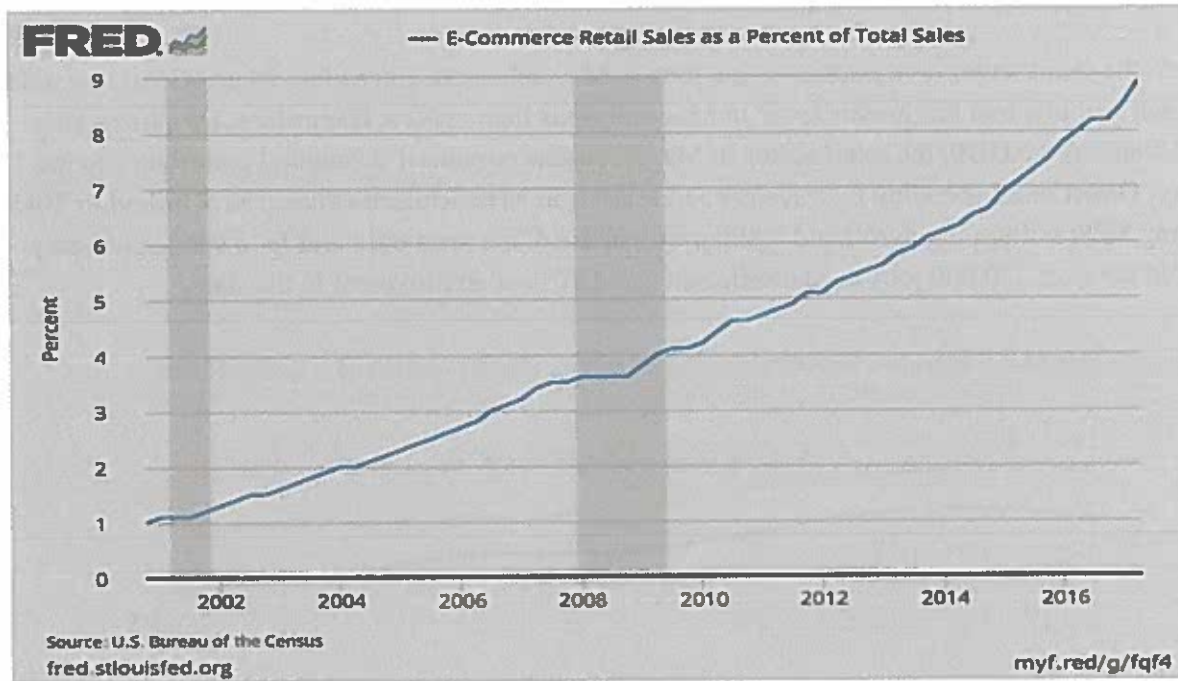
The median wage in Massachusetts is 26% higher than the US average, due to factors such as the presence of a highly educated workforce; however, retail wages are only 5% higher than the US median wage.<sup>iv</sup> There is also a significant gap between employment in smaller retail establishments versus larger retailers, which have a larger share of retail employment.<sup>v</sup>

### *Rise of E-Commerce*

The rapid growth in e-commerce has significantly disrupted the retail industry, and disproportionately affected many “main street” brick and mortars, such as electronics, appliances, building material and



supplies retailers. For example, the market capitalization of Amazon is now two-times that of Walmart, the largest brick and mortar retailer in the US.<sup>vi</sup>



Changing consumer preferences to shop online are creating pressures for retailers, and causing structural changes to the retail economy. Online sales have increased 127% since 2004, and in 2017, 15% of all non-food retail items will come from online sellers.<sup>vii</sup> Massachusetts has also benefited from the rise of e-commerce as online sellers move their headquarters to Massachusetts, such as Wayfair which employs 2,885 workers in the state.<sup>viii</sup> On the other hand, traditional home goods stores in Massachusetts have not recovered from the recession. It should also be noted that e-commerce has both environmental and infrastructure impacts, due to delivery and packaging requirements. Some of these costs go unaccounted for, but are nonetheless passed through to state and municipal budgets.

### Changing consumers

Changes in demographics have also impacted the retail industry nationwide. Baby Boomers were in their prime consumption years in 2000, and made up 29% of the population. Now, Generation X is in its prime consumption years, and make up 19% of the population. This difference equals a loss of 21 million consumers nationwide.<sup>ix</sup>



Source: Stephen Burn, ICSC, analysis of US Census, US Bureau of Labor Statistics

Millennials are starting families and buying homes later, and as a result, pushing out their prime consumption years. They are the most educated generation, and have reduced disposable incomes because of student debt, rising health care and living costs, etc. Millennials are technology-driven, socially-aware, and prefer to spend money on experiences rather than goods.<sup>x</sup>

To attract the millennial consumer, retailers must focus on providing a consumer experience. According to MIT Sloan School professor and retail expert Zeynep Ton, retailers must establish emotional connections with consumers, provide them with a compelling reason to shop, and meet basic customer needs with high efficiency. Providing a unique, compelling consumer experience often requires additional investments in both time and resources, including training, physical plant and ancillary point-of-sale items.

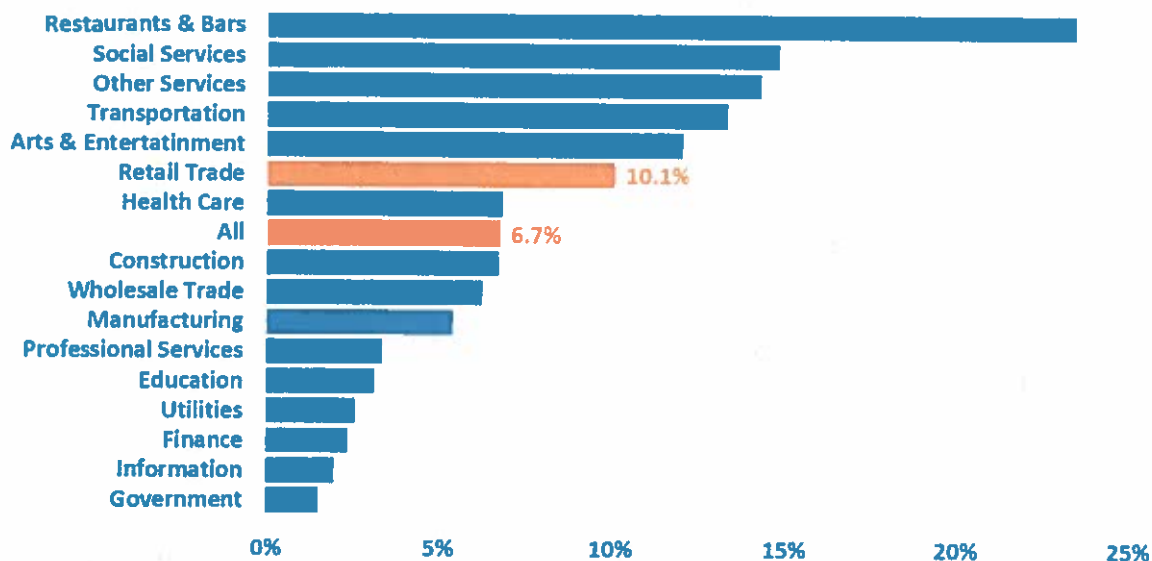
Michael Kanter, owner of Cambridge Naturals, also underscored the idea of providing consumers with a purpose to shop at a store versus with an online retailer. He testified to the Task Force that maintaining a business culture that motivates staff is key, as frontline employees are often the difference between a repeat and a lost customer. Retailers must set high standards, and encourage better business practices in order to strengthen consumer spending in retail, thereby reducing turnover and delivering a better client experience.

### *A Changing Occupation*

Retail salespeople are the largest occupation in the United States. 10% of Massachusetts retail workers, and 23% of Massachusetts restaurant and bar workers who are employed full-time, year-round live below 200% of the federal poverty level.<sup>xi</sup> The U.S. median age for a fast food worker is 27.<sup>xii</sup>

In an effort to minimize costs, retailers may offer less training and lower wages to employees. This in turn can result in lower quality labor, expensive operational problems, and low sales. The Good Jobs Strategy, created by Professor Ton, encourages business owners to invest in employees, and empower workers to make decisions in order to create a better environment for employees and consumers.<sup>xiii</sup>

Share of Full-Time, Year-Round MA Workers, by Sector, Living Below 200 Percent of Federal Poverty Line



Source: MassBudget Analysis of U.S. Census Bureau, American Community Survey 2016 1-Year Public Use Microdata Sample

The Task Force finds that the retail sector is vital to supporting working families. The industry, whereas previously geared towards entry-level, younger workers, is now an important part of the employment economy. Retail workers must be included in the conversation of how to help the industry thrive for employers and employees.

## **Retail: A Strategic Sector**

Retailers consistently noted the importance of statewide coordination to promote the retail industry through buy local initiatives, and access to technical and financial assistance. The Task Force finds that the retail industry is often not seen as a strategic sector for the state, and therefore underrepresented in workforce grants and business initiatives. The Task Force also recognizes that there is a need to increase awareness of local businesses' contributions and impact on local communities.

### ***Lack of Data on Massachusetts Retail***

The Task Force finds that there is a need for further state-level data collection on the Massachusetts retail industry. Jeremy Thompson, Massachusetts Budget and Policy Center, and Frank Julian, National Retail Federation, emphasized the importance of data collection in better understanding the challenges and opportunities facing Massachusetts retailers.

Noelle Pina, Executive Director of the Orleans Chamber of Commerce, also expressed the need for further data collection and study. Ms. Pina testified that the Massachusetts Office of Business Development (MOBD) could be a useful resource in studying retail business closures in the Commonwealth, sector by sector, and developing policy to strengthen retail.

### ***Need for Technical and Financial Assistance***

The need for technical and financial assistance emerged as a common theme among small retailers and new entrepreneurs. Small retail businesses often lack access to resources to grow and support their businesses, as well as capital. Just 3% of the funding from the Workplace Training Grants went to retail establishments; similarly, the YouthWorks grants placed about 3% of its youth participants in summer retail jobs in 2016.<sup>xiv</sup>

Providing resources and support to small businesses is critical to grow the retail industry in Massachusetts. Mass Growth Capital Corporation's (MGCC) Small Business Technical Assistance program provides technical and financial support to small businesses, and women and minority owned businesses to compete in today's economy. In fiscal year 2018, the program was funded at \$750,000, \$1.75 million less than the State Senate's proposed budget for fiscal year 2018.<sup>xv</sup> Additionally, Jay Coburn, CEO of the Community Development Partnership (CDP), testified that the CDP's state funding has been cut by 65% over the past three years.

The Task Force heard directly from small businesses on the importance of investing in programs and services supporting the retail industry. Kate Gordon, a retail business owner and an advocate of small business promotion, testified in Western Mass on the role of educational programs in helping small businesses compete in today's market. This was underscored by many small and micro-business

owners, who testified that assistance with website development, and increasing optimal search responses through engines such as Bing and Google, would be useful to them. Affordable, online courses designed for small business owners through local community colleges could help retailers grow and adapt to the current market.

Promoting statewide “Buy Local” messaging and initiatives also emerged as an important tool for the retail industry. Retailers testified that re-establishing the Massachusetts Mainstreets Office could help small businesses promote shopping locally, collect data on Massachusetts retail to further strengthen the industry, and secure access to additional information, marketing, and technical assistance through coordination with the National Main Street Center.

### ***Employee-Ownership Program***

Employee ownership programs strengthen small businesses in the face of recession and increase employees’ investment in the company. Many retailers advocated that the state re-establish the Massachusetts Office for Employee Involvement and Ownership to provide technical assistance for companies that wish to convert to this model.

A food truck owner testified in Western Mass that he would like to convert to an employee-ownership business model in order to increase the earnings of his employees. However, the state has not provided any assistance for business owners looking to adopt this model since 2008. Many other small and micro-businesses expressed the need for state assistance, including business owners who wish to retire, but cannot afford to because of liability. These owners would like to sell their business to employees, but the employees often cannot afford the real estate or find loan assistance.

### ***Zoning challenges***

Today’s consumers are seeking high quality restaurants, health clinics, and entertainment centers incorporated into shopping centers, but these types of facilities struggle with zoning requirements. It also remains very difficult for new food entrepreneurs to gain access to liquor licenses, especially as the food and beverage industry’s presence in shopping centers grows.

The Task Force finds that many of the most successful retail centers in the Commonwealth are dense village and town centers composed of a variety of shops, restaurants, banks, etc. Many of these centers were built decades ago, and could not be built under current zoning laws, where 1-2 acre zoning and sprawl is often the focus. In many cases, the centers cannot expand given restrictive zoning. Retailers testified that easing zoning requirements could help drive consumers to shopping centers and downtowns, and allow for more livable, walkable communities.

Retailers noted that mixed-use development not only supports local economies, but also addresses the affordable housing crisis, and creates more livable communities. Beth Marcus, owner of Cape Cod Beer, testified that 25% of her employees live in Plymouth or New Bedford due to a lack of affordable housing options on the Cape. Changes to zoning requirements would especially be useful for seasonal communities, which rely on vibrant downtowns to support their economies during off-season.

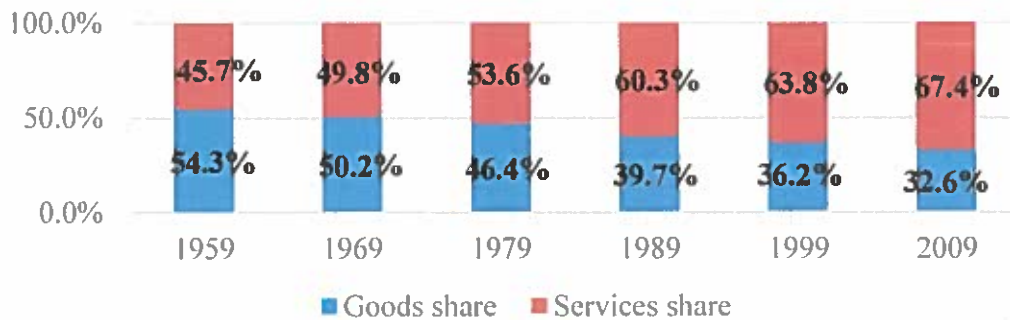
## Competitive Disadvantages

The Task Force finds that there are a number of competitive disadvantages facing Massachusetts retailers. In addition to challenges presented by the sales tax, retailers struggle with added mandates and rising costs of operation. Rising costs of living are also a burden facing retail employers and employees.

### *Massachusetts Sales Tax Disadvantage*

Massachusetts retailers consistently stated that they are at a competitive sales tax disadvantage. The economy, whereas historically driven by goods consumption, has shifted drastically to service consumption. In 2009, the service share of the economy nationwide was 67%, and continues to grow. However, as fewer goods are consumed, less sales tax is collected in Massachusetts.

*Goods v. Services as a Share of Personal Outlays, 1959  
- 2009*



Source: Massachusetts Taxpayers Foundation

At the same time, sales tax as a share of tax revenue has increased. Since 1990, the sales tax rate has increased, while income tax rates have decreased as a result of the ballot initiative in 2000. This means that the challenges retailers are facing also have a direct impact on state revenue.<sup>xvi</sup>

Massachusetts has the 13th highest sales tax in the country, but 35th once local sales taxes are included.<sup>xvii</sup> Retailers testified that while the Quill Decision<sup>1</sup> stands, there will be a disparate tax treatment of brick-and-mortar retailers versus online retailers.<sup>2</sup> Communities on the Massachusetts-New Hampshire border especially experience a competitive disadvantage due to a lack of sales tax in New Hampshire. Per capita retail sales are \$6,000 higher in New Hampshire than they are in Massachusetts, and two of the top seven malls in the U.S. are located in Southern New Hampshire.<sup>xviii</sup>

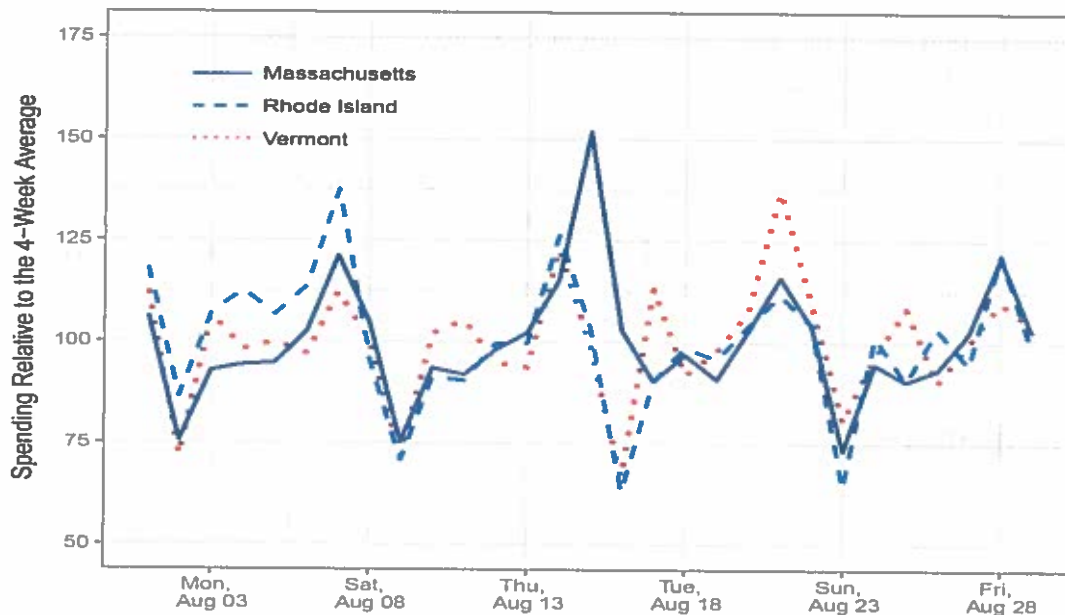
<sup>1</sup> The Supreme Court's 1992 Quill v. North Dakota ruled that states could force retailers to collect and remit taxes only if the company had a "physical presence" in the state. The Supreme Court also cited the dormant commerce clause, which prevents states from interfering in interstate commerce unless approved by Congress. The decision is currently being reviewed by the Court. Source: Stohr, G. (2018, January 12). [U.S. Supreme Court to Review Bid to Collect Internet Sales Tax](#), Bloomberg.

<sup>2</sup> As of July 2017, online retailers based outside of Massachusetts are required to collect and remit state sales tax if they have over 100 sales in Massachusetts, totaling over \$500,000. Source: [Massachusetts Department of Revenue \(2017, April 3\). Directive 17-1](#).

## *Sales Tax Holiday*

Many retailers testified that the state's Sales Tax Holiday is an important promotional tool, and years in which it was not adopted negatively impacted their sales. A Chamber Executive testified in Western Mass that the uncertainty surrounding the Sales Tax Holiday harms small businesses. Retailers need adequate time to properly budget and plan their promotional campaigns for the holiday. They also must order extra inventory far in advance for the holiday, and often get saddled with excess supplies if it is not adopted. Providing more clarity and certainty surrounding the Sales Tax Holiday could be helpful in avoiding this.

In a case study of Massachusetts's August 2015 Sales Tax Holiday, the Federal Reserve concluded that daily spending over the tax-holiday weekend was 40% higher than it would have been without the holiday, but could not conclude whether the holiday had a net effect on spending, or instead shifted the timing of purchases.<sup>xix</sup> Retailers across the state echoed the importance of the holiday, and stated that it generates significant spending for the month, including days before and after the holiday.



Source: Federal Reserve's Analysis of First Data Merchant Services, Census Bureau.

## *Rising Cost of Living*

Rising costs of living, including housing, child care, health care, energy, and transportation, are creating hardships for employers and employees. Growing costs, particularly in health care, are reducing individuals' disposable incomes.<sup>xx</sup> Employers and employees testified that they struggle to afford health care for themselves and their families. As a result, many individuals seek a second job in retail to manage these rising costs.

Many employees in the retail industry are second-wage earners, and only 57% of retail employees are full time.<sup>xxi</sup> These second-wage earners are typically single-parents, students, or individuals looking to supplement a primary income, and often work in the restaurant industry. This can make it difficult for employers to find full-time employees.



Seasonal workforce communities are particularly impacted by these costs, and struggle to both recruit a summer workforce and to find housing for those employed through a federal J-1 visa or H2B visa. Cyndi Williams, Executive Director of the Harwich Chamber of Commerce, noted that \$180 million is spent annually in retail establishments on Cape Cod and the Islands, generating significant tax revenue for the region, and the state. Despite this, these employers struggle to find employees, often due to a lack of affordable housing.

Seasonal workforce housing programs could help alleviate this burden. Retailers also testified that smart-growth legislation encouraging young people to move into the downtowns is an important step in creating more affordable housing for retail employees.

### *Infrastructure*

Infrastructure remains a large barrier to promoting business growth across the state. This was particularly prevalent in Cape Cod, which has a number of infrastructure needs, including waste water mandates, transportation, last mile broadband, canal bridges, and housing. Small business owner Tom McNell described challenges facing Cape Cod retailers, including the need for good sewer systems. Cape Cod tourism depends on beach maintenance, clear water, and clear air.

The Task Force also found this to be true in Western Mass, which is home to five gateway cities, the most of any region in the Commonwealth. Greater Holyoke Chamber President Kathleen Anderson affirmed that the region faces challenges with infrastructure and renovating old spaces. The community needs more shovel-ready properties in order to attract retailers and small businesses, but costs of renovation are high, and present a barrier to new businesses.

## **Payroll Challenges**

Retailers consistently expressed concern over existing and future payroll mandates, which are contributing to the rising costs of operation. These included minimum wage increases, Sunday premium pay, and healthcare. In addition to the mandates themselves, retailers testified on the cost to employers administering and complying with new mandates and programs, often with little state assistance. As costs rise, retailers reported that sales were stagnant or decreasing. Retailers, above all, need sales growth to exceed costs in order to overcome barriers facing the industry.

### *Minimum Wage*

With a possible increase in the minimum wage forthcoming, retailers advocated for a training wage to allow them to train employees without over-burdening payroll. The Task Force notes that Massachusetts is 1 of 11 states without a sub-minimum wage,<sup>xxii</sup> and 1 of 29 states with a minimum wage above the federal minimum wage.<sup>xxiii</sup> Rising wages and the lack of a training wage may be a barrier to first time job seekers, as employers may be hesitant to spend the money to train new workers.

The Task Force also notes that overall teen employment has decreased. In 2000, 53.5% of teens were employed in Massachusetts; in 2014, teen employment dropped to 31.2%.<sup>xxiv</sup> These rates also mirror

national teen employment, which was 27.3% in 2014.<sup>xxv</sup> While this could be due to a lack of employers willing to hire young people, studies also suggest it marks a cultural shift where higher emphasis is placed on academics and college preparation than working during teenage years; however teens who are seeking employment face higher levels of competition for the jobs that teens historically have held, such as sales or food preparation.<sup>xxvi</sup>

The Task Force notes that low teen employment rates particularly impact low-income families. In Massachusetts, the wages of teen workers from low-income families accounted for 17.7% of their families' shared income.<sup>xxvii</sup>

#### **Wages from Teen Workers Account For a Significant Share of Their Total Family Income**

Average teen wage income as a share of their total family income in the lowest 20th percentile (incomes below \$47,000) and for all families, Massachusetts, 2011-2015



*MassBudget analysis of U.S. Census Bureau American Community Survey 2011-2015 Public Use Microdata Sample.*

Many retailers across the state expressed the difference in challenges facing larger big-box retailers versus sole proprietors; this is particularly evident with increasing wages, which can result in hardship for small businesses. Chuck Callahan, a florist, testified in Western Mass that increases in the minimum wage have affected how many employees he can hire, and whether or not he hires young workers due to the costs associated with training.

The restaurant industry faces unique challenges with rising wages, due to a combination of tipped employees and minimum wage earners. Mr. Bob Luz, President of the Massachusetts Restaurant Association, noted that tipped employees have experienced a 42.5% increase in starting wages since the recession, and are the highest paid employees at any full service restaurant. As a result, restaurant owners struggle to increase the wages of true hourly employees.

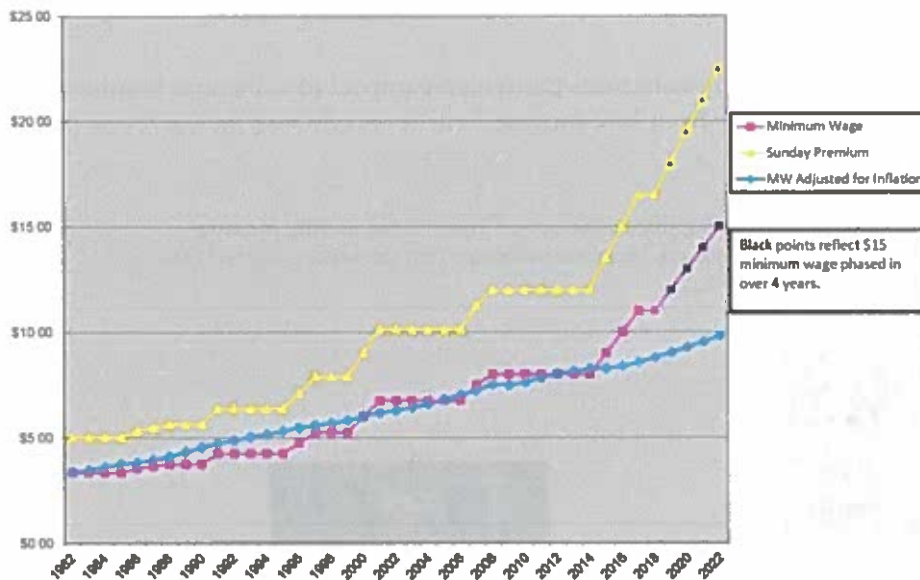
#### ***Premium Pay***

Sunday and holiday premium pay was also a top concern amongst retailers. Two states, Massachusetts and Rhode Island, currently require premium pay for retailers operating on Sundays or holidays. The retail sector is the only industry subject to these requirements.

In today's environment, retailers stated that these Blue Laws impose a significant burden on Massachusetts businesses and provide another competitive advantage to remote sellers, which are exempt from premium pay requirements. Retailers testified that they would have to limit employees' hours on Sundays and holidays, or close on those days altogether to afford both a \$15 minimum wage and premium pay wages.



## History of the Massachusetts Minimum Wage and Sunday Time and a Half Premium



Source: Retailers Association of Massachusetts

### *Added Mandates*

A new health care fee assessed on businesses with 6 or more employees, known as the Employer Medical Assistance Contribution (EMAC), is an additional burden on the growing costs for Massachusetts retailers. The program establishes an employer-paid fee for employees that receive assistance from MassHealth, regardless of whether or not the employer offers health insurance. In addition to the added cost, retailers testified that the unpredictability of the assessment creates barriers for small businesses. After receiving the assessment, businesses must pay the assessment in a short window of time and manage cash flows, which can be particularly challenging.

Retailers noted that these mandates are especially burdensome when businesses are faced with implementing multiple mandates in the same year, often with little support from the state. A Cape Cod retailer described the difficulty of implementing a paid sick leave tracking and accounting system, which the Commonwealth did not provide assistance for.

The food and restaurant industry is especially impacted by added mandates. Mr. Bob Luz, President of the Massachusetts Restaurant Association, testified that the restaurant industry is unique, in that labor and food costs account for at least 70% of every dollar spent in a restaurant. Food and restaurant retailers noted that these added costs are ultimately reflected in their products, in a market in which consumers are extremely price-sensitive.

## **Conclusion**

The Task Force was charged with reviewing (i) challenges faced by local retailers in a changing economic environment increasingly dominated by large online sellers; (ii) closures of local retail establishments, affecting local economies and property tax bases; (iii) initiatives taken by local retailers to increase or maintain their market share; and (iv) actions by state and local governments to encourage purchasing from local retailers.

The Task Force finds that Massachusetts retail remains an important sector of the state's economy, and one of the top employers. Retailers, in addition to facing other industry barriers, struggle with increasing costs, and decreasing sales. Statewide coordination, promotion, and support are needed to continue to strengthen the retail sector. The Task Force recognizes that Massachusetts retailers are facing profound challenges and opportunities, and the members look forward to continuing to work with employers and employees to further strengthen the industry.

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- <sup>i</sup> Goodman, M.D. (2017, November). *Testimony to the Senate Task Force on Strengthening Massachusetts Local Retailers*. Powerpoint presented to the Massachusetts Senate Task Force on Strengthening Local Retail, Boston, MA.
- <sup>ii</sup> Thompson, J. (2017, November). *Understanding and strengthening the retail sector in Massachusetts*. Powerpoint presented to the Massachusetts Senate Task Force on Strengthening Local Retail, Boston, MA.
- <sup>iii</sup> Massachusetts Restaurant Industry. *The Massachusetts restaurant industry at a glance*. Retrieved from <http://www.themassrest.org>
- <sup>iv</sup> Thompson, J. (2017, November). *Understanding and strengthening the retail sector in Massachusetts*. Powerpoint presented to the Massachusetts Senate Task Force on Strengthening Local Retail, Boston, MA.
- <sup>v</sup> Thompson, J. (2017, November). *Understanding and strengthening the retail sector in Massachusetts*. Powerpoint presented to the Massachusetts Senate Task Force on Strengthening Local Retail, Boston, MA.
- <sup>vi</sup> Goodman, M.D. (2017, November). *Testimony to the Senate Task Force on Strengthening Massachusetts Local Retailers*. Powerpoint presented to the Massachusetts Senate Task Force on Strengthening Local Retail, Boston, MA.
- <sup>vii</sup> Julian, F.G. (2017, November). *Testimony of Frank G. Julian, Consultant to National Retail Federation*. Presented to the Massachusetts Senate Task Force on Strengthening Local Retail, Boston, MA.
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