



1 Beacon Street, 16th Floor
Boston, MA 02108

www.aimnet.org | 617.262.1180 | fax 617.536.6785

May 22, 2017

The Honorable Stanley C. Rosenberg &
Members of the Massachusetts Senate
State House
Boston, MA 02133

RE: The SWM FY2018 budget and pending amendments to Senate bill 3

Dear Mr. President and Members of the Senate:

Associated Industries of Massachusetts (AIM) and its thousands of employer members commend the spending plan proposed last week by the Senate Ways and Means Committee. AIM continues to believe that avoiding tax increases and containing the growth of spending are both critical to achieving a balanced budget. We encourage the entire Senate to support this approach throughout this week's debate.

AIM applauds the Senate for addressing significant FY18 budgetary challenges, particularly in the area of healthcare and health insurance, and for engaging with the business community directly regarding how government can face these challenges while more efficiently delivering vital services. As the Commonwealth faces a looming shortfall in funding for the MassHealth program, the Ways and Means Committee has crafted a responsible and thoughtful approach to address this funding gap. Not only did the Senate engage with the employer community during the budget review process, but the Committee also included numerous provisions in their healthcare proposal to facilitate further public comment and consideration.

More than ten years ago, the employer community worked closely with a diverse group of stakeholders to craft and implement Massachusetts' successful universal health care law. The Ways and Means proposal continues that tradition and encourages the Baker Administration to seek flexibility from the federal government to allow our Commonwealth the freedom to structure our healthcare system in a manner that meets our unique needs. We cannot truly begin to address the immense cost of our healthcare system – both public and private – without redoubling our efforts in the area of cost control.

We are particularly concerned about **SECTION 8** and believe that it should not be contained in the final budget. Section 8, as proposed would create a redundant government process with a new line item appropriation (0710-0002) of \$100,000. The proposal violates taxpayer confidentiality, a foundational principle for a voluntary tax system, by granting broad access to tax returns and highly confidential related information. The proposal also violates the principles of predictability, where businesses may have a weakened confidence in their ability to rely on the Massachusetts tax code to plan and make investments. The proposal is also a duplicative form of

government (the Great & General Court already has the power to review and examine any law at any time) by imposing an annual commission that may continue indefinitely.

We are also concerned about **SECTION 83**, which proposes a real-time or accelerated tax collection process and encourage the Senate to adopt **Amendment #256**. As proposed, the real-time collection system for sales and use tax will create many challenges – which have not been vetted fully – relating to implementation, compliance, auditing, and the cost of software programming. We are further concerned that the proposal does not consider issues of customer data and privacy, given the manner in which transactions occur and how audit disputes would need to be settled. AIM strongly urges the Senate amend the current section by adopting Amendment #256, which will help to avoid a bureaucratic, costly, and unnecessary tax regime for sales and use tax.

Regarding budget amendments, AIM would like to highlight our concerns relative to the Wellness Program Tax Credit (**Amendment #529**). This amendment is funded through an assessment and, as with all health insurance assessments, the cost will ultimately be passed on to employers through higher premiums. The Wellness Tax Credit within this Fund has been a useful incentive to support employers with fewer than 200 workers in establishing wellness programs to encourage long-term healthy habits. The amendment, as currently drafted, extends the assessment but eliminates the tax credits. AIM would oppose the extension of this assessment, particularly if the existing small business tax credit program were also eliminated.

A full list of our positions on other pending amendments is attached in a separate sheet.

Thank you for taking AIM's views into account and please feel free to contact me if you have any questions or need any further information.

Sincerely,

A handwritten signature in black ink that reads "John R. Regan". The signature is written in a cursive, flowing style.

John R. Regan
Executive Vice President for Government Affairs

Amendments AIM Supports		
#	Title	AIM Position
256	Sales Tax Prepayment	Support
276	Government efficiencies commission	Support
365	MassHealth Cost Containment Council	Support
368	Pharmacy Benefit Managers Audit	Support
470	Group Purchasing Cooperatives Task Force	Support
676	Mass Manufacturing Extension Partnership	Support
876	Water Quality Advancement and Integrated Water Management	Support
884	Investigation of Workers' Compensation Fraud	Support
Amendments AIM Opposes		
23	Closing the Single Sales Factor Tax "Loophole"	Oppose
94	Improving Overall Student Performance and Opportunity #8 – Teacher Tenure	Oppose
95	Improving Overall Student Performance and Opportunity #9 – Testing Moratorium	Oppose
99	Improving Overall Student Performance and Opportunity #1 – DDMs	Oppose
294	Tax Expenditure Review	Oppose
334	Fail First – Improved Medication Management Amendment	Oppose
463	Utilization of public health benefits for large employers	Oppose
514	Ambulance Billing	Oppose
519	Fail First – Improved Medication Management Amendment	Oppose
596	Community Benefit Districts	Oppose