



**Senator Richard Tisei, Senate Minority Leader Massachusetts State Senate**

**DIMACast #175  
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**Bill McCurry:** This is Bill McCurry with a special DIMACast from Woburn, Massachusetts where the New England PMA division is having its meeting. And the guest



New England PMA Division President Scott Farber from Hunt's in Melrose, MA introduces Senator Richard Tisei to the Division on Wednesday, September 30, 2009 in Woburn, Massachusetts. Sponsors for the dinner included Canon, Nikon and Olympus.

speaker tonight is Senator Richard Tisei the minority Senate leader from the Massachusetts State Senate, good evening Senator.

**Senator Richard Tisei:** Hey, very nice to see you.

**Bill McCurry:** Now interesting things happening in the state of Massachusetts, recently you had a sales tax increase from 5% to 6¼%. A State Senator by the name of Bob Headlin called that the “New Hampshire Economic Stimulus Bill”? Why is that Senator?

**Senator Richard Tisei:** Well obviously New Hampshire (with no sales tax) is a lot more advantageous for people from Massachusetts to go there and we’ve put businesses in Massachusetts at a competitive disadvantage, particularly ones closest to the border with New Hampshire as part of this sales tax increase. We also hiked liquor taxes in Massachusetts. You know, it’s very difficult for businesses right now in this economic climate that we’re in to be able to stay afloat. And this is really just one more difficulty that a lot of businesses are going to have to face, particularly those that are close to the border. You know, at a time when we’re trying to encourage people to spend more money, you know, the State’s doing the exact opposite we’re encouraging the people of Massachusetts to spend money in other states as opposed to here in our state. We’re also encouraging more people to go on the internet rather than visit their local Mom and Pop brick and mortar stores around the state. So it’s having a very negative effect

already and we're very concerned about the long term effect that it's going to have on our economy.

**Bill McCurry:** Now you're a little bit of a different kind of Senator in Massachusetts, you're Republican, you're the leader of the Republicans in the Senate of which there are five out of forty Senators and you're a business person? Tell us a little about your background?

**Senator Richard Tisei:** I'm owner of a real estate Company. I'm one of the larger ones in the North Shore in Boston and I've been doing that for about 15 years. I've been in the legislature; this is my 24 year in the Legislature. I've seen all kinds of things. I am in my 18th year in the Senate and I've been the leader in of the band of five brothers in the Massachusetts Senate for the last three years.

And real estate's been difficult all over the country. In the north east it was really difficult. I had a lot of sleepless nights there was a horrific experience for about nine months. We had to cut all our expenses. We had to look at you know, what we were budgeting and figure what we could cut back; we had to cut back people's hours. It was you know, a lot of again sleepless nights, but it was what every business in the country and you know, particularly in our state, we were all up against the same thing and it gives you a pretty good perspective when you're dealing with that every day. Then you walk into the Legislature and see how State Government operates and it's totally disconnected in a lot of cases from the real

world. For instance, the unemployment rate was shooting up in Massachusetts, to . . . it's about 9% rate now and a lot of businesses were laying off people, they were cutting back their hours and their pay just so that they could maintain their jobs. You know, the state was giving out pay raises to all the state employees we actually put up a vote to say that there should be a hiring freeze, you know the state's three billion dollars in the hole, but, you know, it's business as usual so very common sense things that business people deal with every day are really alien to the legislature – particularly here in Massachusetts so having the experience outside the building, outside the State House is, I think what makes me really effective and well informed legislator.

**Bill McCurry:** Now in that regard, House Speaker DeLeo from the Massachusetts House was quoted on Fox News as saying “as far as losing business with New Hampshire over sales tax, that was never a concern” referring to when they passed the legislation. The people I talked to in Massachusetts think it was a huge concern and yet here the Speaker of the House is saying it isn't. How does business communicate? How do we get this understanding going?

**Senator Richard Tisei:** I'll tell you . . . the speaker's a friend of mine, but I have no idea where he was coming from when he made that statement, because almost from the beginning before the tax increase era went into effect, New Hampshire businesses were advertising in Massachusetts, to come on up to the Granite State,

because you wouldn't have to pay the sales tax and you know, certainly people are doing it in droves. I mean if somebody can save an extra \$50 or \$100 here and less than that, you know, that's what drives the consumer. And it's just pure Economics 101 and you know, we definitely made a mistake in the short term is going to us, but in the long term you know, as far as the business climate goes in trying to encourages businesses to expand and to grow in Massachusetts, you know, it's going to really hurt us and I think the legislature probably will end up revisiting this whole issue once we see what the damage is over a period of time.

**Bill McCurry:** Now the initial responses, the very first report that came out, that which said right on the face of the report, would not be indicative of the entire reporting period, but the sales tax went up 25%, general merchandise sales only up 3% so clearly, roughly 80% of the sales stayed in Massachusetts, 20% either didn't get made, went online or went to New Hampshire, is that your take?

**Senator Richard Tisei:** That's my take. You know, even before this whole issue came up, about the sales tax, you know, the state government needed money and you know, they've been looking at pretty much everything, taxing satellite dishes, taxing alcohol, cable tax, I mean we've done it all last week we had a bill on the legislature they were going after pet owners to increase the tax on pet owners in the state. I have a dog; I didn't like that at all. A lot of people said it – don't touch the sales tax, look at the, you know, if you do need money, look at the income tax or

another revenue source, because traditionally over the past few years in particular sales tax revenues, even when the economy was good, were declining every year, because a lot of people are going to the internet rather than shopping the way that they traditionally did and even increasing the sales tax, you know, they're still not going to get the revenue they're expecting because the trend of people, again shopping online is becoming, you know, so prevalent that income (meant to say sales taxes) taxes probably a not a very good broad based tax to base your budget on if you're a state government needing to, you know, provide services to citizens. Very uh, you know, very unpredictable at this point.

**Bill McCurry:** You mean you're saying sales taxes are unpredictable?

**Senator Richard Tisei:** Every year the data's pretty much shown that each and every year sales taxes of all the different revenue sources the state has is unpredictable in that it's going down every year, I mean and you can increase the tax here in Massachusetts, but they're not going to receive anywhere near the amount of money that they think they're going to, particularly over a longer period of time.

**Bill McCurry:** Okay, let's take the other side for a second. Let's assume, which I'm not, but let's assume I'm an internet sales provider, I spend a lot of money to build up my website on the basis that people are coming to me because they can avoid the sales tax. What are the problems with me charging tax? Besides

the fact I'd lose a lot of business, but just administratively isn't that virtually impossible?

**Senator Richard Tisei:** Oh it is . . . there are a lot of difficulties when you get right down to it. People run around with theories, but of a practical standpoint when you actually are collecting it does create a lot of problems and you know, my personal take on whether or not the internet should be, you know, sales tax should be charged or not, I just think that everybody should be on the same playing field. If you're a business that's a traditional brick and mortar type business or you're an internet based business, either everybody should either pay a sales tax or they shouldn't pay a sales tax, you can't put one group of businesses at a competitive disadvantage with another. And that's what's really happening right now as the internet has grown, you know, the numbers are staggering as far as people's shopping habits the way they've changed over the past few years. If that trends going to continue, I mean, you know, it's a law of diminishing returns, why would anybody want to have a traditional brick and mortar business you know, so you got a – you know, you can't put one at a competitive disadvantage over another and we're going to have to figure out what to do.

**Bill McCurry:** What's your suggestion what to do?

**Senator Richard Tisei:** I like tax free as much as possible. I'm all for probably getting rid of the sales tax you know, and looking at some other revenue source or

again if – if you have to do it, every state should have the same type of system in place. You know, the probable with the sales tax right now, if you're going to try to make it a national you know, internet based tax that the national government is going to sponsor, you have to make sure that every state has the same playing field I'm meaning that all the items are the same. One state right now taxes candy another doesn't, one state taxes clothing another doesn't, one state might tax it up to a certain amount, another state doesn't. In order to really, you know, put a system in place you do need a streamline sales tax system set up that every state is part of and that would cut down on a lot of confusion, particularly for businesses that are trying to operate in a number of different states around the country.

**Bill McCurry:** Some people have suggested we need the European VAT kind of thing, you see any support or logic for that in our system?

**Senator Richard Tisei:** I'm not an expert on it, but it seems to make a little more sense than what we have right now. Value added taxes, you can make a case for them that you know, it again we have a whole hodge-podge right now, I think there are 45 States that have some type of sales tax, five that don't, you know, it's again from one state to another it varies an awful lot and we're becoming much smaller world than we were years ago when doing business across state lines is something that years ago might have been difficult, but now you're just do it, clicking on your computer at home, so you know, the world is changing and we probably should

look you know, rethink our whole public policy when it comes to taxation issues like that.

**Bill McCurry:** Seems there's a certain amount of cynicism over the sales tax issue. There was a member of the legislature allegedly with a state car that went to New Hampshire to buy booze and avoid the sales tax. What was the fall-out of that?

**Senator Richard Tisei:** I think it shows people that, you know, no matter how much the Speaker or other legislators might say that you know, well it's only \$20 or it's only \$30 and it's not going to affect people's habits or the way they do things, it does. I mean we're a capitalistic society and I mean people are going to try to get the best bargain that they can and the fact that they nabbed the legislator who was you know, saying that it doesn't matter, driving halfway across the state of Massachusetts. I mean he had a long drive, at least a couple of hours to get up to New Hampshire to save a couple of bucks at the liquor store. I think really drives home the point that you know, it does matter and it isn't just a couple of dollars to a lot of people. The savings that they can get by just, you know, going a few miles across the border is definitely worth it for a lot of families that are struggling in a very difficult economy right now.

**Bill McCurry:** Yet Massachusetts, like every other state with a sales tax, has a use tax, which this legislator said he would file his use tax return, you're smiling.

**Senator Richard Tisei:** You know, I wasn't really familiar with the use tax. I didn't know we really had one until that story popped up, I don't think anybody, you know, literally in the state really does that sort of thing and I mean there was a case that came up that we had a tire company that operated in a couple of different states and the Department of Revenue went after them because a lot of Massachusetts residents were going across the border to New Hampshire for their tires and they wanted the records from the company of everybody who had went there so that they could go after those individuals and a lot of people thought it was outrageous and the company, I'm glad they fought it. The court ended up deciding in favor of the company that you know, it wasn't their responsibility as a business to question everybody and you know, and – and – and be responsible for that. But I mean for practical standpoint, nobody in Massachusetts does that.

**Bill McCurry:** But is use tax an answer or is that kind of just a false hope?

**Senator Richard Tisei:** A false hope. I mean nobody's going to do that. I mean people want to get the best deal they can and they're not going to be filing paperwork after saying that they went to New Hampshire to do whatever they needed to do.

**Bill McCurry:** You come from the business community; do you see many business people walking the halls of the State Senate?

**Senator Richard Tisei:** Actually, most people who are business people are working every day and the people who show up at the state house are people who depend upon state government for a living or they depend upon the money that comes from state government to fund their programs. So if you are at the state house each and every day, you kind of get a warped sense of reality and definitely not a proper perspective because you know, if every day you're just meeting people who depend upon the government in order to prosper and survive and you don't meet any of the people that are actually creating all the money in as far as tax revenue goes to support the government, you kind of forget that it's not the governments money, it's the people's money. That's why I think you see a lot of times so many decisions coming out of whether it's Capitol Hill or local state houses that just don't seem to make any sense and people in the business community have to do a lot better right now as far as influencing – or at least having a voice as part of the debate.

A lot of times we'll get a call from an owner of a company that might have 500 employees, but you never hear from the people who are impacted, meaning the employees don't call us and we – businesses have to do a lot better job engaging their employees in grass roots advocacy. because on the other side of the aisle, again when an issue comes up if you're getting 500 calls from, you know, a union sponsored you know, call-in campaign and you're getting one call from an owner

of a business whose busy doing million different things trying to keep their business afloat. The pendulum doesn't seem to be equal for a lot of people and – and again a lot of people vote you know, and are interested in issues that they're getting input from their constituencies on.

**Bill McCurry:** Senator Tisei, if I'm sitting listening to this at home, regardless of what state I'm in, what should I do as a business owner to at least let my elected representatives know about an issue I have a passionate feel on?

**Senator Richard Tisei:** Well the first thing you should do is get to know them. Maybe even not when an issues coming up. If you have a little time you might want to just find out who your state representative and who your senator is and you're local congressional representative and establish a relationship so that they know you and they trust you and when something does come up, you can call up and say hey, you know let me explain to you how this affects my business. The other thing that I think is really important is that every business owner, if they really want to make an impact they should take a little time and educate their employees as to how decisions that are being made affect their jobs, because that is really what doesn't happen a lot of times and a lot of businesses are or a lot of business men are a lot of times uncomfortable, particularly in a corporate type of atmosphere the larger the business is, but they're afraid to sort of get their hands dirty and you know, and don't want to be influencing their employees one way or

the other. I think it's you know, a lot of times, even the employees appreciate the fact that, you know, knowing that there's a bill that or a piece of legislation that is being considered that is going to impact their job and in doing that I think would make a huge impact.

**Bill McCurry:** Now how does one get to meet their elected representatives? Many of us are perhaps jaundiced by the media where we think we have to make a donation to a campaign event to be able to meet people. How does it work? How do you do it?

**Senator Richard Tisei:** People who want to get in touch with their legislator the best way to do it is just to try to personally meet them either, you know, at some type of event in the district or call up and make an appointment. If a legislator is a good legislator they're going to do their best to try to be accessible to their constituencies and a lot of a people have office hours and you know, in the community. It's definitely worth meeting and establishing a relationship you know, I'm not an expert in—I know real estate because I own a real estate company uh, but I don't know anything about insurance, but I do know four or five insurance agents who own their own agencies. That when something comes up before the state house, they'll call me or I'll even call them and say what do you think about this bill and how does it affect you? And it's also important, I think for people if you are an insurance agent for instance, to get involved in your local associations,

because they're usually watching what happens at the state house, wherever you are around the country and they'll know if there's a bill that's coming up and they can you know, alert you and then you can alert you're elected officials and that makes all the difference in the world. You know, you can get 100 letters in the mail, which are important, or internet, you know, communications, but having the relationship with your legislator is probably the most important thing.

**Bill McCurry:** Now the New England PMA division called you to ask you to come out to speak tonight, but that call came from Hunts and you're a customer of Hunt's, right?

**Senator Richard Tisei:** Customer of Hunt's and they're a great business and they're right in my district. So when they called me I was more than happy to come and do it.

**Bill McCurry:** Now around the country, speaking for all the other legislators, would you guess the average legislator would be willing to come out and speak to a group like a PMA division?

**Senator Richard Tisei:** Absolutely, I mean you got to ask and I'm sure you – most legislatures are pretty eager to come out and talk – introduce themselves and to talk about some of the things that are going on and get input from their constituents.

**Bill McCurry:** Senator Tisei, right now, 2009 do you think over the next year there'd be any significant change in the sales tax issue?

**Senator Richard Tisei:** As far as the rate in Massachusetts, if there's a big public outcry there might be a ballot question on to repeal it, but I think sales tax in general is going to be an issue that the federal government is going to look at. There was a bill filed a couple of years ago, it created a lot of interest, I know that Congressman Delahunt, is working on a piece of legislation right now, to look at internet sales tax on a national basis and he'll probably file that in the congress at some point in the near future.

**Bill McCurry:** Senator Richard Tisei, thank you very much for being with us tonight.

**Senator Richard Tisei:** My pleasure, thank you.

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We would love to hear from you with your ideas, suggestions and comments . . .

Brian Mundy  
Photomation  
Anaheim, California  
bmundy@dimacast.com  
1-800-965-6692

**Bill McCurry:**  
McCurry Associates  
Princeton, New Jersey  
[wmccurry@mccurryassoc.com](mailto:wmccurry@mccurryassoc.com)  
(877) McCurry – (877) 622-8779