



# The Retail Review

THE OFFICIAL NEWSLETTER OF THE  
RETAILERS ASSOCIATION OF MASSACHUSETTS

March/ April 2019 Edition



## Thursday, May 9

Small Business Day

9:00 am - 12:00 pm

Omni Parker House,  
60 School Street, Boston

## Thursday, May 16

RAM Spring Board Meeting

8:30 am - 12:00 pm

Hampshire House,  
84 Beacon Street, Boston

## Thursday, November 14

RAM Annual Meeting

8:30 am - 12:00 pm

RAMAE Luncheon

12:30 pm - 2:00 pm

Bentley University  
Waltham, MA



STATE OF **SMALL BUSINESS**

## Small Business Day on Beacon Hill

May is National Small Business Month and the Retailers Association of Massachusetts is pleased to once again co-sponsor MA Small Business Day on May 9, at the Omni Parker House in Boston. Our inaugural event last year was successful in attendance, messaging, and unprecedented activation and coordination of grassroots to ensure that the pro-economy, pro-Main Street messages of small businesses are not ignored by our public policy leaders.

In these times of increased payroll mandates, higher healthcare costs, questionable political agendas, and more consumer choices and tools for spending their dollars outside of the Commonwealth, it is more vital than ever that small employers are more focused, cohesive, and louder in our educational efforts.

In addition to RAM, co-sponsoring organizations include: the National Federation of Independent Business, Associated Industries of MA, MA Restaurant Association, MA Food Association, MA Farm Bureau, MA Package Store Association, MA Association of Chamber of Commerce Executives, New England Convenience Store & Energy Marketers Association, among others.

We hope you will consider joining us on May 9. And whether you attend on May 9 or not, please help be a part of our collective industry and small business education efforts, by knowing your legislators, and attending meetings and gatherings with them at your local chamber of commerce. Rest assured that activists seeking new mandates, restrictions, and costs on your bottom line are working equally hard to get the attention of those we elect to public office.

It is our collective responsibility to hold our elected officials accountable for sensible economic policies, and to make sure their support of Main Street goes much farther than just a few photo opportunities or Tweets on Small Business Saturday in November. MA Small Business Day on May 9, and Small Business Month throughout May is an important time to deliver those messages and reminders.

To register for MA Small Business Day please visit our website at [retailersma.org](http://retailersma.org).

{ [www.retailersma.org](http://www.retailersma.org) }



## Governor Baker's Proposed Sales Tax Changes - Some Good, Some Bad

### The Retail Review

March/April 2019

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When Gov. Charlie Baker filed his FY20 state budget proposal earlier this year, RAM took note of two important policy proposals of interest to the retail industry.

As requested by RAM, the Governor's budget includes the extension of sales tax collection responsibility to marketplace facilitators and those out-of-state sellers that sell through marketplaces. This important step to update the Commonwealth's sales tax collection laws is in line with similar actions being taken across the country in the wake of the Wayfair decision, and will bring us closer to true marketplace and sales tax fairness between all sellers. The budget also paves the way for the MA Department of Revenue (DOR) to lower the thresholds set in its October 2017 regulation (Vendors Making Internet Sales) which established an economic nexus standard for triggering collection. Those standards (\$500,000 in sales AND 100 or more transactions) are expected to be lowered by regulation, reflective of the standards set in the Wayfair decision. Also, at RAM's request, Sen. Michael Rodrigues has filed legislation for consideration this session addressing both of these issues.

Unfortunately, the Governor's budget also proposes changes to the state's sales tax collection and remittance process. For the past two years we have fought against and defeated proposals calling for "Real Time" sales tax collection. Currently, vendors collect and remit MA sales tax by the 20th day of the following month. In this budget, the Governor has proposed changes directing the DOR to – by regulation – require a preliminary remittance prior to the due date of the sales tax return, for vendors who annually remit in excess of \$100,000 in sales tax. And this includes sales tax on meals, and the local option meals tax.

What is or when is that "preliminary remittance of tax" due? We don't know, because the budget proposal doesn't tell us – we just have to trust the DOR.

RAM is strongly opposed to making any changes in the current sales tax remittance process, and we are extremely concerned with this proposal to simply give the DOR carte blanche to dictate by regulation any early remittance timing that they choose. The current process, including the requirement to remit by the 20th of every month, is spelled out in state law, as adopted by the Legislature. With this proposal the Administration is continuing to pursue a path back to the "Real Time" discussions of the previous two years – despite the vast opposition against it.

The DOR also would be deciding who the early remittance applies to. If they choose to go to the \$100,000 annual threshold, that would mean all retailers and restaurants with more than \$1.6 million in taxable sales would be impacted. Those are small businesses. This proposal is anti-small business and would negatively impact our local, family owned, independent sellers who are already struggling under the burdens of soaring rents, high health insurance costs, the EMAC tax, the increasing minimum wage and the forthcoming mandatory paid family and medical leave program. And for what benefit? This does not increase revenue. There is no new money to be found. This would simply provide a one-time increase during the initial month of implementation, a one-time revenue boost that the Administration estimates at \$306 million.

The Governor's budget is now before the House, which will release and debate its own version in mid-April. All members are encouraged to contact your legislators and urge them to reject the Governor's proposed changes to the state's sales and meals tax remittance process.

Visit [www.retailersma.org](http://www.retailersma.org) and Take Action today!



This photo, circa 1930, shows the Community gasoline fuel oil truck facility at 79 Needham Street, Newton. The site was rebuilt in 1989 as a modern gasoline station/convenience store site.



Founders of Community Service Stations. Left, Paul V. Strang, and right, George C. Riley, Sr.



George C. Riley, Jr., son of founder George C. Riley, Sr., and father of present-day company president Chris Riley.

## Community Service Stations Celebrates 100 Years in Business Family-owned energy company has maintained focus on customer service

The company, founded in 1918 by George C. Riley Sr. and his partner Paul Strang, is run today by George Sr.'s grandson, Chris Riley, a resident of Wayland, MA, who represents the third generation of Rileys to have run the business.

Community Service Stations partners with successful service station owners, convenience store owner/operators, distributors, and fuel suppliers throughout the Northeast.

The company has a long history in the energy sector, growing from a single gas location in Brighton that provided auto repair services, gasoline and parking, to a retail and wholesale supplier of heating oil and kerosene, to its current focus on the wholesale distribution of gasoline and diesel fuels.

Community Service Stations is one of the oldest ExxonMobil customers in the U.S. as well as one of four authorized ExxonMobil distributors in the New England states (with the exception of Connecticut). Through its brand fee agreement with ExxonMobil, Community has assumed greater responsibilities, including product sourcing, terminal agreements, and supplying former ExxonMobil distributors. In 2010 Community's gallons sales had grown to 37 million; sales in 2018 currently exceed 75 million.

### Company history

In the company's early years, it expanded into the sale of kerosene for home heating, an additional gas station, and then the building and operating of a bulk heating oil and kerosene distribution depot, one of the first depots in Boston's western suburbs. Throughout the years of the Depression and WWII, Community added another location and continued expanding its retail kerosene and wholesale heating oil distribution channels. George C. Riley, Jr., following service in World War II, had planned to complete a Masters in Business Administration at Dartmouth's Tuck School but changed paths when his father, the co-founder, took ill. George Jr. left school and returned to the family business, where he served as President for 66 years. Community expanded its focus on retail and wholesale heating oil, and added storage capabilities at their Newton location. The business transitioned entirely to the Riley family in the late 1960s when co-founder Paul Strang sold his ownership to Riley. At that point, the company moved more into the wholesale gasoline market with a new sales force, tripling their gallon sales to 10 million annually. Chris Riley, the grandson of George Sr., and the company's current president, joined the firm in 1979. In the 1980s, Community more than doubled its retail heating oil business with the purchase of Marlco, Inc. in 1982. Community moved its headquarters to the Marlborough, MA offices of Marlco in 1984. Marlco and the original heating oil accounts in Boston and surrounding suburbs were sold in 1990. After this, the company focused on gasoline and diesel wholesale distribution.

As the retail gas business shifted to the convenience store model in the 1980s, Community began working with customers to help them plan, develop, and finance their c-stores. In the mid 1980s Community was one of the first Mobil-branded distributors to encourage independent dealers to rebuild bay sites and full-serve fuel islands into c-stores and self-serve pumpers. Between 1985 and 2017 they invested over \$20 million to help fund their customers' transition to the new model."

In addition to distributing Mobil products, the company signed a supply contract with Gulf Oil LP in 1999 and started to sell product to a few unbranded locations.

Riley notes that ExxonMobil has always played a big part in the company's history. "Community is one of the oldest ExxonMobil customers in the nation," he says. "We branded one of the first Socony (predecessor to Mobil) sites in Boston and have always been 100 percent committed to ExxonMobil programs and initiatives." Both George and Chris Riley have served on national and regional distributor brand councils and assisted with special projects. Community was an early adopter of the mystery shopper program, On the Run, Speedpass, Friendly Serve, and the Gemini image. Community also distributes Shell, Gulf and unbranded gasoline and diesel.

"I believe our longevity can be credited to the way that our employees and management focus on helping customers improve their business," says Riley. "Whether the issue is supply, capital improvements, financing, environmental, or c-store expertise, our sales and office staff have ably assisted our customer base for decades."

He continued, "We are very honored to have achieved the 100-year milestone, particularly as a family-owned company. We see a lot of opportunities and challenges in the future, but we feel sure that Community and its customers will adapt and thrive as we move forward, just as we have over the past century."

### About Community Service Stations

Community Service Stations, Inc. was founded in Boston in 1918, and is a third-generation family business helping independent petroleum retailers achieve success. The company helps retailers with site purchases, razing and rebuilding sites, financing of improvements, management of sales and marketing efforts, assisting with environmental and regulatory issues, and the sale and lease of sites. Community Service Stations is additionally one of New England's leading distributors of quality branded and unbranded motor fuels. The company maintains headquarters at 1253 Worcester Road, Suite 201 Framingham, MA 01701 and serves customers throughout the New England Region. For additional information, please call (508) 270-3061 or visit <http://communityservicestations.com>.

## RAM Announces LP Partnership

RAM has partnered with the New England Loss Prevention Advisory Group (NELPAG) in an effort to provide loss prevention services to our small business members, including information and insight into the issues surrounding retail theft, tips on how to protect your business, and access to advisory and consulting services from experts in the area of loss prevention. This new member benefit will include guest articles from NELPAG, a revamping of the LP page on the RAM website with links to relevant resources, as well as a free initial consultation with NELPAG for members looking to implement loss prevention measures to protect their business. Members with questions may contact RAM General Counsel, Ryan Kearney, at [rkearney@retailersma.org](mailto:rkearney@retailersma.org).



## Retail Shrinkage and What to Do About It

by New England Loss Prevention Advisory Group LLC

According to the National Retail Federation retail shrink losses average over \$40 billion annually and have been consistently increasing. There are three primary drivers of these losses—external theft, internal theft and operational inefficiencies. The top five types of retailers with the highest percent to sales losses belong to (1) fashion apparel and accessories, (2) convenience stores, (3) home, garden and auto, (4) drug stores and pharmacies, and (5) variety stores. Their losses range from 2.43% - 1.95%—well over the US retailers average of 1.85% [1]. However, retail shrink negatively impacts businesses of all types and sizes. The following breaks down these three major types of theft activities to allow you to best identify any issues your business might be facing and then properly allocate the resources necessary to address them.

External theft includes opportunistic shoplifting and Organized Retail Crime (ORC), and represents about 36% of all retail shrink [2]. Opportunistic shoplifting is typically characterized as individuals stealing merchandise for personal use, whereas ORC consists of the coordinated theft of merchandise in bulk for the purpose of resale on the black market or reintroduction into the stream of commerce through fraudulent returns. The average value of merchandise involved in an ORC apprehension was \$1,401.68 in 2018, while the average value involved in an opportunistic shoplifting apprehension was \$89.80 [3]. Unfortunately, ORC activity makes up the vast majority of external theft and continues to be on the rise.

ORC activity directly impacts retailers, consumers and the community. First, if you don't have it, you can't sell it. With ORC teams stealing in bulk, the retailer loses twice: the value of the merchandise stolen as well as the lost sale. Second, ORC involving refund fraud creates another double hit as it results in a sales tax loss from the original sale and inaccurately inflates the retailers booked inventory, which shows as shrink during inventory reconciliation. Lastly, there is a recent legislative trend across the country to increase the felony thresholds included in our property crimes. For example, MA just increased its threshold from \$250 up to \$1,200. The bad guys know this, which improves their risk-reward formula and drives activity. The costs lead to increased prices charged to your consumers and the proceeds of ORC activity have consistently been found to fund other criminal activity in our communities.

Internal employee theft represents about 25% of shrink losses and the average internal apprehension case was \$1,203.16 [4]. The primary types of employee theft are straight theft, "Sweet Hearting" (the act of passing out unpaid product to another) and return fraud; either as an individual or in collusion with another, such as an ORC contact. It is

not uncommon for an ORC contact to leverage employees with payoffs or other methods. Consequently, proper employee screening and proper behavioral interview questions during the recruiting and hiring process is becoming an important step in protecting against internal employee theft.

Operational losses include operational or processes inefficiencies as well as vendor and supplier fraud, which represents the balance of contribution to shrink at 39%. Examples of this are not having or following an inventory management process. Knowing exactly what you purchased, if and how it was received, merchandised, price changed, sold and possibly returned accurately is an important systemic process to manage. The same is true for your vendor and supplier transactions. Having checks and balances within these processes is an important validation tool to prevent or quickly identify and course correct inefficiencies.

Many retailers have dedicated resources to combat the challenge of profit deterioration. Retailers that do spend on Loss Prevention and Security focus on the purchase, implementation, deployment and maintenance of loss prevention personnel, systems and solutions to reduce shrinkage. With such a wide variety of available resources, the challenge is knowing which options are right for your business.

Yet even retailers with limited resources can take steps to protect against such losses. Knowing how to formulate a strategy and effectively leverage those resources, which include employees, in addition to hardware and software solutions, is critical to the sustainability of any retailer. In the end you want to provide excellent customer service, drive sales, and secure your people, property and profits.

New England Loss Prevention Advisory Group, LLC has a team of industry experts who can advise you on assessing your risks and identifying resources. We can help you develop a program to protect your people, property and profits and help you prevent external and internal theft as well as help you improve operational efficiencies. We have years of proven Best Practices and a vast network of industry partners who can supply you with cost effective hardware and software solutions.

Please visit our website to see how we can help you with your Loss Prevention and Security needs. We have arranged a partnership with the Retailers Association of Massachusetts offering special pricing to its members. We look forward to supporting your business.

For more information visit: [NELPAG.com](http://NELPAG.com)

1-3 PlanetRetail RNG. (2018). *The Sensormatic Global Shrink Index: Results & Executive Summary*. Boston, MA: Planet Retail Limited.

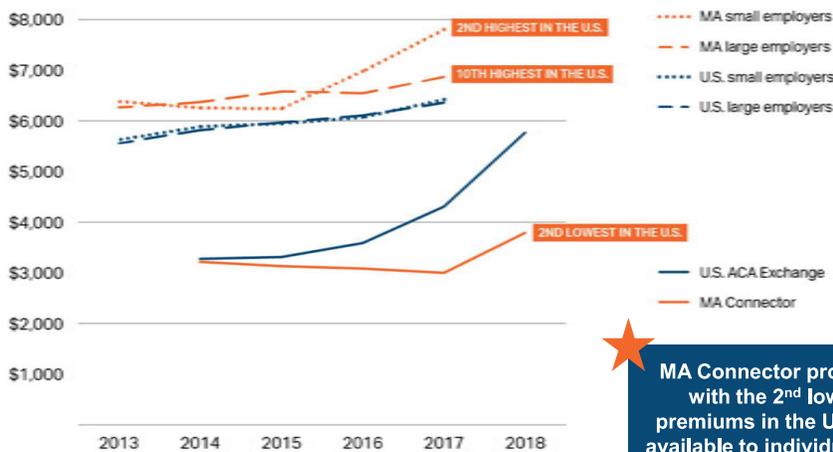
4. National Retail Federation. (2018). *2018 National Retail Security Survey*. Washington, DC: National Retail Federation.

## 2019 RAM Health Insurance Premium Renewal Survey Results

According to the Health Policy Commission (see below), MA small businesses and their employees have the second highest health insurance premiums in the country. RAM members – with most employees already on high deductible plans, unlike big business and big government employees covered by Group Insurance Commission (GIC) – are reporting an average premium increase this spring renewal period of 6.8%, more than double the state’s health care cost growth benchmark.

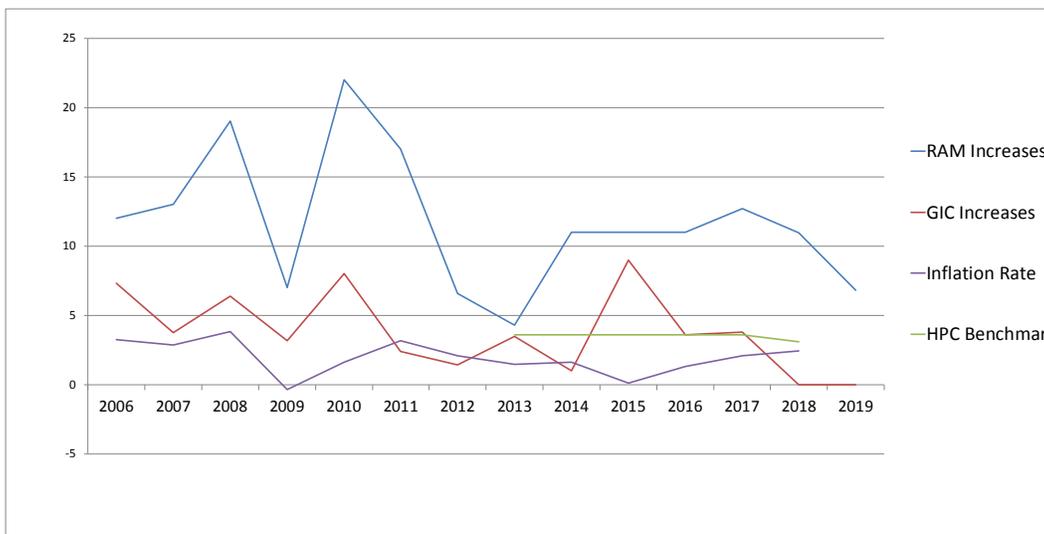
### Insurance premiums for large Massachusetts employers are 10<sup>th</sup> highest in the U.S. (down from 2<sup>nd</sup> highest in 2013), though premiums for small employers have risen recently

Annual premiums for single coverage in the employer market and average annual unsubsidized benchmark premium for a 40-year-old in the ACA Exchanges, MA and the U.S., 2013-2018



**MA Connector products, with the 2<sup>nd</sup> lowest premiums in the U.S., are available to individuals and small employers**

Notes: US data include Massachusetts. Employer premiums are based on the average premium according to a large sample of employers within each state. Small employers are those with less than 50 employees; large employers are those with 50 or more employees. Exchange data represent the weighted average annual premium for the second-lowest silver (Benchmark) plan based on county level data in each state. These plans have an actuarial value of 70%, compared to 85%-90% for a typical employer plan, and are thus not directly comparable to the employer plans without adjustment.  
Sources: Kaiser Family Foundation analysis of premium data from healthcare.gov (marketplace premiums 2014-2018); US Agency for Healthcare Quality, Medical Expenditure Panel Survey (commercial premiums 2013-2017)



Alina's Ristorante  
Hadley

Anderson Street Auto Body, Inc.  
Marblehead

Anthony's Pizzeria  
Marshfield

Automotive Brake Warehouse  
Hudson

Barrow's Hardware  
Worcester

Bellingham Palace Pizza  
Bellingham

Boats & Motors  
Wakefield

Bob's Discount Home Store  
Yarmouth

Brack's Grill & Tap  
Brockton

Burlington Motors  
Burlington

Brockton Car Wash LLC  
Brockton

Ciao! Bow Wow  
Winchester

Country Trading Post & Restaurant  
Chicopee

Eco Urban Solution LLC  
Boston

Helena's  
Arlington

Hillside Automotive Repair, Inc.  
Somerville

Hometown Automotive Services  
Stoneham

Hungry Ghost Bread  
Northampton

L&L Certified Auto Service  
Auburn

Matty's Service  
Methuen

*continued on back page >>>>*



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## Employer Shared Responsibility Notices Now Available Upon Request

Do you have questions about whether your business might be subject to a federal IRS penalty under the Affordable Care Act's health insurance "employer mandate" (for employers with 50 or more workers) because your workers sought subsidized Health Connector coverage?

In response to employer feedback, the Health Connector is making a new service available for employers who want to understand any potential federal liability. Employers can now sign up to request notices from the Health Connector when a worker accesses "premium tax credits" through the Health Connector.

- Who might consider requesting these notices?
  - o These notices are primarily designed for Applicable Large Employers (ALEs), which are employers with over 50 full-time equivalent employees on average during the prior year, who may be subject to an ACA employer mandate penalty under certain conditions.
- What limitations should an employer requesting these notices understand about them?
  - o If an employer opts to receive notices for premium tax credit utilization of employees, the notice will indicate that an individual who has listed their company/organization name as their employer has received a premium tax credit that subsidizes their coverage through the Health Connector. Please note that the information these notices are based on is self-reported by the individual enrollee, so there may be data inaccuracies that could result in incomplete notices for the employers, or employers receiving notices for people who do not work for them.
  - o The Health Connector does not have knowledge about whether an employer is an ALE or whether they might meet various safe harbor exemptions. This notice would go to an employer if they had, for example, someone working 10 hours/week who was receiving premium tax credits through the Health Connector, and the notice could go to an employer who doesn't even meet the size threshold of an ALE.
- Does receiving this notice mean an employer is being penalized or assessed?
  - o No, the Health Connector is not making an assessment against an employer if they receive this notice. This notice is exclusively for informational purposes, subject to the data limitations described above.
- Does receiving one of these notices mean an employer will be assessed under the ACA employer mandate?
  - o No, an employer receiving one of these notices does not mean that the employer will be penalized by the IRS under the ACA employer mandate. The IRS will determine if the employer is an ALE, whether the employer met any of the conditions required for a liability, and whether it meets various safe harbor exemptions before assessing any penalties.
- Does receiving these notices mean an employer will receive an EMAC supplement assessment?
  - o This notice is NOT a notice for the Massachusetts Employer Medical Assistance Contribution Supplement. Receiving this notice does not mean that an employer will have an EMAC supplement liability.
- What would an employer do if they ever were assessed by the IRS under the ACA employer mandate?
  - o If the IRS ever does assess an ALE in the future, it will provide separate notice. For more information about the IRS notice, please see this IRS resource: <https://www.irs.gov/affordable-care-act/employers/employer-shared-responsibility-provisions>.

Those caveats and limitations aside, employers interested in requesting these notices should go to <https://www.mahealthconnector.org/forms/employer-shared-responsibility-notice> and fill out the ACA Employer Notice request form and submit it to the Health Connector.

18 Tremont St.  
Suite 810  
Boston MA 02108

## New Members

*Continued from page 5*

Mazzeo's of Great Barrington  
Great Barrington

Pleasant Journey Used Cars  
Northampton

The Derby  
Salem

McKenna & O'Keefe Auto Repair  
Lowell

Prk'd Pizza  
Lawrence

The SteakLoft Restaurant  
Northampton

Meineke Car Care Center  
Lowell

Rebekah Brooks  
Northampton

Three Lantern Marine & Fishing Co.  
Gloucester

Meineke Car Care Center  
Shrewsbury

Ron's Auto Restoration  
Fitchburg

Twist Bakery & Cafe, Inc.  
Millis

Metro Industrial & Marine Supply  
New Bedford

Shoe Market  
Hingham

Verrill Farm LLC  
Concord

Middleton Gas & Service  
Middleton

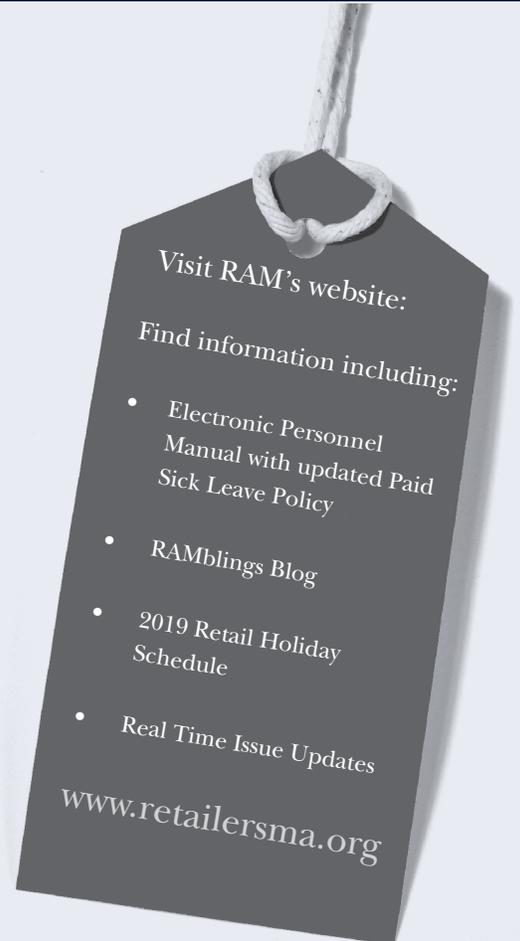
Singapore Restaurant  
Fitchburg

Vision Domestic & Foreign Auto Parts  
Lawrence

Original Bob's Discount Stores  
New Bedford

Taco Bell  
Mansfield

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