

Retail advocates: Store receipts will plunge in August without sales tax holiday

Local retail advocates say summer commerce will take a hit after the Legislature forewent an August sales tax holiday weekend for this year, a perk Bay State shoppers and businesses have counted on since 2004.

“They’re going to see a dramatic drop in Massachusetts sales in August ... there are stores that see as much as 10 to 15 percent of their annual sales derived out of this promotion,” said Jon Hurst, president of the Retailers Association of Massachusetts, predicting shoppers will be pushed to tax-free online purchases. “The reality is there are some stores that won’t survive the next 12 months because they did not have this incentive. That’s just the fact. It is that important.”

David Tuerck of the Beacon Hill Institute said Bay State retailers are already under pressure due to the state’s high sales tax, and could use the boost during a slow season.

“I think the Legislature is kind of tone deaf when it comes to retailers in this state,” he said. “The Legislature is perfectly happy to spend a lot of money on questionable purposes, and they could just as well have tightened their belt a little bit and gone ahead and had the sales tax holiday again this year.”

The Legislature — engrossed in down-to-wire deliberations on bills regulating energy, economic development, ride-hailing and noncompete agreements — let the current session expire without reauthorizing a two-day break on the 6.25 percent sales tax, saying it will cost the state too much revenue.

In a statement, Senate President Stanley C. Rosenberg said the budget sent to the governor for next year contains more than \$500 million in cuts.

“Reducing revenue by an additional \$20-30 million, money that could go towards schools, public safety, and services for the disabled is not prudent at this time,” Rosenberg said.

House Speaker Robert A. DeLeo also has said the economic climes make a sales tax holiday uncalled for. Gov. Charlie Baker, who has supported the tax holiday in the past, also had cited “concerns about the fiscal situation we find ourselves in” for next year in explaining his lack of advocacy for the holiday.

The last time the state passed on a sales tax holiday was in 2009, in the throes of recession. Hurst said that led to a “horrible, horrible, horrible month” for local retailers, with some stores seeing 40 percent declines in sales.

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