

H.2685 An Act Exempting Inventory From Taxation

Rick Green
President
A1 Auto

Joint Committee on Revenue
Massachusetts State Legislature
May 7, 2013

Chairmen Rodrigues (Senate,) Kaufman (House,) and Members of the Committee, my name is Rick Green and I am the President of 1A Auto. I am here today to give testimony in support of Rep. Shaunna O'Connell's bill, H2685. 1A Auto is one of the largest online auto parts company in the country and is the largest seller of auto parts on eBay. My brother and I started our company in the corner of our father's warehouse in Pepperell, Massachusetts, nearly 14 years ago. We have steadily grown the company to over 120 employees and are currently the largest private employer in Pepperell.

From my perspective, the current inventory tax has only been an impediment for owning and operating a business in this state and dampens the hope of expanding. In 2008, when the economy took a turn for the worst, many companies were hit from two sides. Number one being that sales plummeted due to lack of consumer confidence and number two being that the lack of sales meant inventory was sitting in warehouses rather than being moved, which in turn lead to higher inventory taxes. Because the inventory tax is so regressive it hits hardest when times are the toughest.

My tax accountants and lawyers tell me to move our business a stone's throw away over the border to New Hampshire. Being from Massachusetts and raising my family here, I want to see our state do better and be a better place for our children and grandchildren. Don't worry, we are not moving out of state, but consider if we did. Approximately 75% of the employees we hire are located in Pepperell, the others in our warehouses in Kansas and Arizona. Of that 75%, almost a third live in New Hampshire.

Right now, the state is collecting their income tax revenue despite these employees living out of state. The benefit of the state collecting the income tax from not only my employees from Massachusetts but from New Hampshire far outweigh the revenue collected from the inventory tax.

For business owners, every day is like the day before an election. The weight of not knowing if the sales will come in to pay for the supplies and payroll weighs heavily on many business owners. We think “did the proposal our marketing team put together work? Are the sales going to come in today?” For us, it’s not all about the numbers; it’s about the people we employ and their families. That is what drives us to wake up every morning and succeed.

I want to thank you for taking the time to hear my testimony today and I encourage this Committee to support Rep. O’Connell’s bill, H2685. Thank you.