

An Act Relative to Limited Liability Corporation Filing Fees

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My name is Paul D. Craney and I am the Executive Director of Massachusetts Fiscal Alliance, a right of center economic, fiscal and good government non-profit organization located at 28 Tremont St, Boston. Our website is www.MassFiscal.org and our legislative scorecard is www.MassFiscalScorecard.org.

Thank you for letting me have this opportunity to provide written testimony regarding S.238 pertaining to annual filing fees for certain businesses.

According to a CNBC study, Massachusetts currently ranks 47th in the nation for the cost of doing business. It also ranks 34th in the nation for corporate tax climate and 49th in the nation for unemployment insurance tax according to the Tax Foundation. However it's not big businesses that bear the brunt of the damage. From 2000 to 2010, the U.S. Small Business Administration estimated that **Massachusetts lost over 10,000 small businessesⁱ**. Overall, this paints a picture of a state that isn't just not trying to attract more businesses, it is doing what it can to keep them away, in turn slow the growth of much-needed jobs.

S.238 is a key first step towards protecting the smallest of the small businesses. The bill gives LLC's with six or fewer employees a break on the incorporation fee, from \$500 to \$250. It also cuts the annual reporting fee burden for these firms in half, to \$250. Besides being the right thing to do, there is increasing evidence that **firms with five or fewer employees are the key driver of growth in this state**. Data shows that every year from 2007 to 2010, these small firms were the only size of business that **added jobs each yearⁱⁱ**. This reduction in fees will help support small start-ups and ensure they continue to spur statewide economic expansion. On behalf of Massachusetts Fiscal Alliance, entrepreneurs, and small business owners across the Commonwealth, we hope the Committee on Economic Development will do everything they can to advance this commonsense proposal. It's long overdue.

Passage of this bill is critical. It's those who need our support the most, family owned businesses, new startups, and self-employed individuals working for their own living, that stand to gain from this carefully targeted legislation. Keep them in your thoughts when considering the best interests of the state.

Thank you again for providing Massachusetts Fiscal Alliance an opportunity to testify. If you have any additional questions, please do not hesitate to contact me at paul@massfiscal.org or Laurie Belsito, our Legislative Director, at laurie@massfiscal.org.

ⁱ <https://www.sba.gov/sites/default/files/advocacy/ma12.pdf>

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