



May 20, 2024

The Honorable Cynthia Creem
Majority Leader
The Massachusetts Senate
Room 312-A, State House
24 Beacon Street
Boston, MA 02133-1099

Dear Leader Creem:

On behalf of Chamber of Progress, a tech industry association supporting public policies to build a more inclusive country in which all people benefit from technological leaps, I write to urge you and your Democratic colleagues to **oppose Senate Amendment 86 to the FY 2025 Budget**, which would impose a 20-cent fee on food and a 50-cent fee on goods delivered by delivery network companies (DNCs).

This fee would disproportionately burden the commonwealth's most vulnerable members, including residents of food deserts, individuals with disabilities, and low-income families who depend on the reliability of delivery services. It would also harm small businesses and undermine commonwealth emission reduction efforts, hindering Massachusetts' economic and environmental progress.

Delivery fees increase costs and threaten access to essential goods and services for marginalized communities

Recent data highlights the growing reliance on delivery services nationwide and its impact on underserved communities. Between 2021 and 2022, 54 percent and 41 percent of adults surveyed nationwide reported they were likely to have frequently used an app to deliver food and groceries, respectively,¹ and studies

¹ See Chamber of Progress

http://progresschamber.org/wp-content/uploads/2022/07/COP_Civic-Innovation_ANALYSIS.pdf

suggest the average order frequency for groceries will increase at a 12 percent annual rate over the next five years.²

Delivery services are crucial for 2.8 million people living in low-income communities across Massachusetts, including more than 700,000 children and 523,000 seniors, who lack access to grocery stores.³ For these residents, grocery and meal delivery services increase options for healthy, nutritious food and other essential goods. Low-income families across the board are also increasingly strained by the rising cost of food and other daily necessities.⁴

A survey of Colorado residents found that the burden of a 27-cent delivery fee fell hardest on low-income families. Families earning less than \$75,000 spent 2.5 times as much on delivery fees as families earning over \$200,000.⁵ Increasing the cost of food and household goods deliveries would further burden struggling families in the Commonwealth.

Moreover, about 1 in 4 adults in Massachusetts live with a disability.⁶ Many of these individuals, who have difficulty shopping in person, also depend on delivery services for prescriptions, groceries, and household goods.⁷ The imposition of delivery fees can exacerbate challenges in accessing essential goods and services for people with disabilities, who often face additional financial burdens.⁸

Delivery fees hurt Massachusetts small businesses and workers

As of 2023, Massachusetts hosts nearly 700,000 small businesses, constituting 99.5 percent of the commonwealth's businesses, and is home to over 1.5 million small business employees or 44.7 percent of the commonwealth's workforce.⁹ Increasing delivery fees threatens the livelihood of many Massachusetts

² See Online grocery sales will increase at 12% annual rate over 5 years, report says

<https://www.grocerydive.com/news/online-grocery-sales-will-increase-at-12-annual-rate-over-5-years-report/641578>

³ See Massachusetts Food Trust Program

<https://mapublichealth.org/priorities/access-to-healthy-affordable-food/ma-food-trust-program/>

⁴ See Inflation may be easing — but low-income people are still paying the steepest prices

<https://www.npr.org/2022/05/11/1097966775/inflation-poor-income-inequality-biden-federal-reserve>

⁵ See Chamber of Progress

<http://progresschamber.org/wp-content/uploads/2024/02/EY-Chamber-of-Progress-Colorado-delivery-fee-analysis-02-27-2024-FINAL.pdf>

⁶ See CDC

https://www.cdc.gov/ncbddd/disabilityandhealth/impacts/pdfs/Massachusetts_Disability.pdf

⁷ See Home delivery services serve up improved accessibility to food and more

<https://www.ameridisability.com/home-delivery-services-serve-up-improved-accessibility-to-food-and-more/>

⁸ See The National Disability Institute

<https://www.nationaldisabilityinstitute.org/wp-content/uploads/2018/12/finra-infographic.pdf>

⁹ See 2023 Massachusetts Small Business Profile

<https://advocacy.sba.gov/wp-content/uploads/2023/11/2023-Small-Business-Economic-Profile-MA.pdf>

businesses, especially restaurants reliant on delivery services for their clientele. Higher prices would likely deter customers from placing delivery orders, decreasing business revenues and wages for delivery drivers. This echoes the concerns raised by many small business owners in Colorado, who objected to similar delivery fee hikes after their costs increased and customers complained about increased prices.¹⁰

Delivery fees would also impede progress toward ambitious emission reduction targets

Delivery services, particularly grocery delivery services, consolidate trips and use route-optimization technology, making them more efficient than multiple individual trips. Unnecessary delivery fees would discourage consumers from choosing more environmentally friendly delivery options over carbon-intensive personal vehicle trips to stores, putting more cars on the road and more emissions in the air.

This could hinder the progress of the Commonwealth's Clean Energy and Climate Plan for 2050, which targets reductions in greenhouse gas emissions of 33 percent by 2025, 50 percent by 2030, 75 percent by 2040, and at least 85 percent by 2050.¹¹ Maintaining affordable delivery services is vital for achieving the state's environmental goals while providing convenient and sustainable services for Massachusetts customers.

There are alternative solutions that account for changing transportation patterns

As an alternative approach to the loss of gas tax revenue, Virginia adopted a highway use fee to make up lost revenue from decreased fuel taxes. Under their system, drivers of electric and fuel-efficient vehicles can choose to pay a higher upfront registration fee or opt into a mileage tracking system and pay a fee proportional to the amount they drive.¹² These strategies, also adopted by other

¹⁰ See New Colorado retail delivery fee causing issues for small businesses
https://www.kktv.com/2022/07/07/new-colorado-retail-delivery-fee-causing-issues-small-businesses/?utm_source=dlvr.it&utm_medium=twitter

¹¹ See Massachusetts keeping pace with climate goals, Healey administration says
<https://www.nbcboston.com/news/politics/massachusetts-keeping-pace-with-climate-goals-healey-administration-says/3207162/>

¹² See Virginia's Mileage Choice Program
<https://www.dmv.virginia.gov/vehicles/taxes-fees/mileage-choice>

states such as North Carolina¹³ and Maryland¹⁴, highlight alternative measures addressing evolving transportation trends while ensuring sustained infrastructure funding.

Delivery services are critical in supporting marginalized communities and sustaining small businesses statewide. Tax policies should not jeopardize the benefits they provide to families and workers. As such, we urge you to **oppose Amendment 86**.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ruth Whittaker', with a stylized, cursive script.

Ruth Whittaker
Director of Civic Innovation Policy
Chamber of Progress

CC: Massachusetts Senate Democrats

¹³ See Registration fees increasing for electric, plug-in hybrid vehicles starting Jan. 1
<https://www.wunc.org/environment/2023-12-29/registration-fees-electric-plug-hybrid-vehicles-jan-2024>

¹⁴ See State considering increase to electric vehicle registration fees
<https://www.wbaltv.com/article/maryland-considers-increase-electric-vehicle-registration-fee/46068847>