

March 31, 2016

Maine's business community supports raising Maine's minimum wage and giving Maine voters a choice

MAINE
S T A T E
CHAMBER
of
COMMERCE



Maine voters deserve a choice when it comes to raising Maine's minimum wage which is why Maine's leading business organizations support a meaningful increase in Maine's minimum wage to \$10.00, believing it represents a significant, yet sustainable, increase.

- Our proposed competing measure — unlike the proposal from the Maine People's Alliance (MPA) — **would not include indexing** based on the Consumer Price Index (CPI) and **would preserve the current "tip credit,"** which is vitally important to Maine's restaurant and tourism industry and the thousands of Maine people who work and make a living in this sector of our economy.

Maine's small businesses, especially its restaurants and retail establishments, are the pulse of every community, bringing Mainers together with friends, families, and neighbors every day.

- Restaurants and retailers **led the economic recovery and continue to create more jobs than most industries** in Maine, currently employing more than 260,000 Mainers — almost one half of this state's workforce — and **generating nearly \$3 billion** in

direct tourism expenditures in 2015.

- These jobs aren't only **pillars for a strong local economy** — they're an important **training ground for our workforce.** Restaurants and retailers provide Mainers of all ages, education levels, and skill sets with the training they need to succeed.

Our coalition's competing measure preserves the current tip credit, vital to Maine's restaurant and tourism industry and the thousands of Maine people who work in this sector of our economy.

- The current ballot question would eliminate the long-standing tip credit, which would change the way Maine's restaurant and tourism industry do business, **increase their costs,** and force res, expansion plans, or even close entirely.
- **Legislators from both parties believe eliminating the tip credit would be bad for local businesses** — some even going so far as to say if Maine voters pass the MPA proposal they will work to reinstate the tip credit in the next legislative session, despite the "will of Maine voters."

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Taxation committee unanimously votes to defeat sales tax bill

Maine State Chamber had concerns with piercing the corporate veil

On Tuesday, March 29, the Joint Standing Committee on Taxation held a public hearing and a work session on **LD 1672, An Act to Improve Priority of Tax Liens and the Collection of Sales Taxes** and defeated it unanimously.

As originally drafted the bill would have broadened the existing responsible individual liability provisions for sales and use taxes to include the sales and use taxes that are *required to be collected* by a business, whether or not they are actually collected. The bill would have allowed Maine Revenue Services (MRS) to cast a wide net, including a business' employees, and making them personally liable for actions when the business did not collect the appropriate sales taxes due to unintentional errors. Examples of potential situations that could have been included are: if the business failed to collect sales taxes on specific items because there was a computer glitch or the item was never entered into the system, or there was a misunderstanding of the law, or just a general mistake occurred. Under the bill, the bookkeeper, CEO, CFO, or a number of other employees could have been held personally liable for paying the sales tax owed. This would have allowed MRS to take their homes, savings accounts, cars, etc. to settle the businesses sales tax debt. It

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Minimum Wage... (Continued from Page 1...)

In the March 23 edition of the *Mount Desert Islander* (<http://www.mdislander.com/maine-news/business-news/minimum-wage-ballot>), Rep. Brian Hubbell (D-Bar Harbor) was quoted as telling constituents, "For me, along with many local employers, the tip credit policy is problematic, and I have assured the respective retail associations and chambers of commerce that, should this referendum pass in November, I am committed to repairing that credit."

- After hearing testimony from numerous Maine restaurant owners who

ACTION ALERT!

Business community calls for competing measure on the citizen's initiated referendum to increase the minimum wage

Please contact your legislator today and urge them to include a competing measure on the citizen's initiated referendum to increase the minimum wage. Maine people need a more reasonable alternative!

To find your legislator, please visit
<http://maineprosperity.com/lookup.asp?g=maine>.

CONTACT YOUR SENATOR:

3 State House Station, Augusta, Maine 04333-0003
(207) 287-1540 or (800) 423-6900

CONTACT YOUR REPRESENTATIVE:

2 State House Station, Augusta, Maine 04333-0002
(207) 287-1400 or (800) 423-2900

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About the Maine State Chamber of Commerce: Since 1889, the Maine State Chamber has been fighting to lower your cost of doing business. Through our Grassroots Action Network and OneVoice program, we work with a network of approximately 5,000 companies statewide who see the value in such a service and provide the financial support that keeps our access, advocacy, and assistance efforts going strong. As Maine's Chamber, we make sure that the business environment of the state continues to thrive. The Maine State Chamber of Commerce advocates on behalf of their interests before the legislature and regulatory agencies and through conferences, seminars, and affiliated programs.

expressed support for an increase in the minimum wage and explained why eliminating the tip credit was harmful to Maine restaurants and servers, the Joint Standing Committee on Labor, Commerce, Research, and Economic Development (LCRED) committee unanimously voted last year against LD 403, which proposed the elimination of the tip credit in 2015.

Maine's business community is content to let the people decide which solution would be best for Maine businesses and Maine people.

- This is a **sincere and real proposal** from our coalition to help Mainers, who are hard-working, proud people, and **deserving of a raise that is sustainable for the Maine economy**. Ultimately, doing so is good for the workforce, good for Maine families, and yes, good for businesses.
- Our coalition is **committed to promoting the passage of our competing measure** at the ballot box, because we know doing so will allow a **reasonable wage increase** in this state **without putting small restaurants out of business**, and will **preserve current jobs**, and **promote the hiring of new workers**.

CONTACT YOUR STATE SENATOR AND STATE REPRESENTATIVE TODAY!

Please contact your legislator today and urge them to include a competing measure on the citizen's initiated referendum to increase the minimum wage. Maine people need a more reasonable alternative!

- Tell them that if they believe the citizen's-initiated referendum proposal is bad for Maine's restaurants and retail establishments they should support the competing measure, which leaves Maine's long standing tip credit in place and proposes a meaningful increase in the minimum wage to \$10.
- Tell the legislature to give Maine voters a responsible choice to raising Maine's minimum wage.

***TO FIND YOUR LEGISLATOR,
please follow the directions on page 2.***

- **Contact your state Senator** by calling (207) 287-1540 or (800) 423-6900.
- **Contact your state Representative** by calling (207) 287-1400 or (800) 423-2900.

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Sales Tax Collections... (Continued from Page 1...)

would not have mattered if there was not a willful intention to defraud the state. These folks would have been under the impression, and rightly so, that the corporation or business would have protected them.

Before the public hearing, the Maine State Chamber worked with Maine Revenue Services (MRS) and other interested parties on an amendment. While the amended version of the bill was somewhat better than the original, there were still a number of concerns that needed to be addressed. Maine State Chamber advocate Linda Caprara testified “neither for nor against” the bill, with the caveat that more work needed to be done on the amendment. The amendment attempted to clarify that responsible individual liable for the uncollected tax would have had to “willfully failed to collect the tax” meaning any failure to make a “reasonable attempt” (subjective).” The Maine State Chamber argued that the burden of proof should be on MRS to prove that the individual acted in that manner, and language should indicate that directive.

At the public hearing, Maine Revenue Services indicated that, if there is an underreporting of sales tax by a business, or if the taxpayer admits to MRS that they collected the tax, or if MRS finds evidence that sales tax was collected, MRS can assess and collect the debt from the responsible individual. However, according to MRS, a business owner can walk away with no liability, if the business does not admit to collecting the sales tax or has refused to collect the correct sales tax.

While all can agree that a problem appears to exist, the bill as drafted went a lot further in terms of granting the power to address it to MRS, namely potentially piercing the corporate veil. The Maine State Chamber agrees that all businesses should pay all sales taxes, owed and no one should be able to get away with non-payment of taxes. However, while we agree that MRS needs to go after people who intentionally commit fraud by failing to submit sales taxes collected, Maine also needs to keep protections in place for employees who do not engage in fraudulent behavior. If you have any questions, please contact Linda Caprara by calling (207) 623-4568, ext. 106, or by emailing lcaprara@mainechamber.org. □

Digest of New Legislation

Maine Chamber staff have studied each of these recently printed bills to assess potential impact on business trends. If you have concerns regarding any bill, please communicate those concerns to a member of our governmental services staff at (207) 623-4568.

TAXATION

LD 1672, An Act to Improve Priority of Tax Liens and the Collection of Sales Taxes. (Sen. Earle McCormick) *Joint Standing Committee on Taxation.* Among other things, the bill would strengthen the existing tax lien provisions to increase the state’s ability to be first in line in priority ahead of other creditors for payment on a tax debt, broaden the existing responsible individual liability provision for sales and use taxes to include sales and use taxes required to be collected by a business, whether or not actually collected, and include within the new responsible individual provision the existing responsible person liability or uncollected fuel taxes. □

Minimum Wage... (Continued from Page 2...)

Coalition members include (as of March 25, 2016) the Maine State Chamber of Commerce, the Retail Association of Maine, the Maine Restaurant Association, the Maine Innkeepers Association, the Lewiston Auburn Metropolitan Chamber of Commerce, the Maine Energy Marketers Association, the Maine Grocers and Food Producers Association, the Maine Insurance Agents Association, the Maine Tourism Association, the Manufacturers Association of Maine, the Portland Regional Chamber of Commerce, the SkiMaine Association, the Mid-Maine Chamber of Commerce, the Bangor Region Chamber of Commerce, the Kennebec Valley Chamber of Commerce, the Maine Auto Dealers Association, and the Bangor Convention and Visitors Bureau.

For more information about this crucial public policy issues and how you can get involved with work of this business coalition, please contact Peter Gore at the Maine State Chamber by calling (207) 623-4568, ext. 107, or by emailing pgore@mainechamber.org. □

The graphic features a large dark grey circle with the word "Bravo" in white, sans-serif font. Below it, the text "AT&T Salutes the Maine State Chamber of Commerce." is written in a smaller white font. In the bottom right corner of the circle is the AT&T globe logo. A smaller, lighter grey circle is positioned in the upper right quadrant of the main circle. At the bottom left of the entire graphic, there is a small copyright notice: "© 2016 AT&T Intellectual Property. All rights reserved."

For the most current information, visit www.mainechamber.org

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Periodicals

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MAINE
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**2016 REGIONAL
BUSINESS BREAKFAST
MEETINGS**

from 7:30 a.m. to 9:00 a.m.

Lewiston/Auburn:

Tuesday, April 26 ♦ Hilton Garden Inn

Greater Bangor:

Tuesday, May 3 ♦ Husson University

Northern Maine:

Wednesday, May 4 ♦ University of Maine Presque Isle

Greater Portland:

Tuesday, May 10 ♦ Anthem Blue Cross & Blue Shield

Maine State Chamber's annual **Regional Business Breakfasts** bring "the Chamber to your region," enabling us to hear first-hand about the concerns of each region's local businesses, as well as providing an opportunity to present the latest public policy information that employers there need to know. *Space is limited and "first come, first served."*

Please **RSVP** to Amy Downing by emailing adowning@mainechamber.org.