

January 25, 2018

Small businesses pack minimum wage hearing —

— Fear and apprehension drive request for help from lawmakers

In an eight-hour public hearing Wednesday, January 24 before the Joint Standing Committee on Labor, Commerce, Research and Economic Development (LCRED), nearly 50 small employers from around the state asked, and in some cases begged, for some type of relief from skyrocketing minimum wage costs that are threatening jobs, and even the future many of their businesses.

The committee held a public hearing on **LD 1757**, *An Act To Protect Maine's Economy by Slowing the Rate at Which the State's Minimum Wage Will Increase and Establishing a Training and Youth Wage*, submitted at the request of Governor Paul LePage and sponsored by Rep. Joel Stetkis (R-Canaan). The proposal would make a variety of changes to the minimum wage law passed at referendum in November 2016.

Supporters of the bill far outweighed opponents, with small businesses from rural and urban areas of the state still speaking more than two hours after the last opponent had left the podium. Their stories all voiced the same concern: The rapidly escalating wage and hour costs associated with the passage of the referendum was slowly crushing them. This was particularly true for those small businesses located in rural parts of Maine. Employers spoke of the limited strategies available to them given their razor-thin profit and operating margins. Many said

they had *already* been forced to lay off workers, eliminate job openings, and increase prices. More than a majority of those speaking indicated they had to do all three things just to continue to *break even*.

Beyond the concerns expressed with respect to meeting the challenges of the \$2.50 increase in the minimum wage that has gone into effect in approximately 12 months, the real fear expressed is how they will be able to integrate yet another dollar-an-hour increase into their business models next January – followed by another dollar-an-hour increase in 2020 (a 38% increase in wage-and-hour costs in less than four years) – and still remain viable and open for business.

The Maine State Chamber of Commerce's Vice President for Advocacy and Government Relations, Peter Gore, testified in support of LD 1757. His testimony begins on page 4. The committee has scheduled a work session on the bill for Wednesday, January 31.

This is an extremely important issue for Maine's small businesses – perhaps the most important of this legislative session. The Maine State Chamber will be following the bill's progress closely. For additional information or questions, please contact Peter Gore by calling (207) 623-4568, ext. 107, or by emailing pgore@maimechamber.org. □

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Universal child and elder care bill's sponsor asks committee to defeat bill

Despite a recommendation of an "ought-not-to-pass" report from the bill's sponsor, Rep. Drew Gattine (D-Westbrook), the Joint Standing Committee on Health and Human Services went forward with Wednesday's public hearing on **LD 1612**, *An Act to Support Maine Families through Universal Family Care*. Linda Caprara testified on behalf of the Chamber in opposition to the bill. The committee heard testimony in opposition from the Maine Department Health and Human Services and from Maine State Chamber. Afterwards the committee immediately moved into work session, defeating the bill with a unanimous ought-not-to-pass.

The bill would have established the Universal Family Care Program for universal child care and in-home and community-supported services for all eligible individuals and families. In order to fund these services, this bill would have raised income taxes on household incomes greater than \$127,000. The bill would have applied a tax identical to the federal Social Security Old Age, Survivors and Disability Insurance program tax (12.4%) equally to both employer (6.2%) and employee (6.2%). Self-employed persons would have been taxed at the same rates. The bill would have also subjected certain high income earners with unearned income above \$127,000 to an additional 3.8% tax.

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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.

Maine State Chamber supports nominee to the Board of Environmental Protection

Mark Dubois receives positive vote by the committee

The Joint Standing Committee on Environment and Natural Resources had confirmation hearing for Mark Dubois' appointment to the Board of Environmental Protection on January 24. The committee voted to recommend Dubois' confirmation to the full legislature by a vote of 10-3. Based on his background and qualifications, the Maine State Chamber of Commerce strongly supported Dubois' appointment to the board and below is the testimony of Ben Gilman delivered to the committee on the Chamber's behalf.

Senator Saviello, Representative Tucker, and members of the Joint Standing Committee on Environment and Natural Resources: I am Ben Gilman, an attorney with the firm of Norman, Hanson and DeTroy, and I am here on behalf of our client, the Maine State Chamber of Commerce, to testify in favor of appointing Mark Dubois to the Maine Board of Environmental Protection.

In my role at the Chamber, I have been involved in and observed multiple BEP proceedings over the years, and I am convinced that Mark will make an excellent BEP member. Maine is well-served by having smart, dedicated volunteers with scientific and technical backgrounds like Mark's to serve on the BEP. As you know, Mark is a hydrogeologist, with a B.S. and a Master's degrees in Geology. He is a registered professional geologist in Maine, and has worked professionally for consulting firms such as Atlantic Geoscience and Woodard & Curran, and as a Natural Resources Manager for Poland Spring.

Mark has spent his career working to

protect the environment, and has experience with a range of federal, state, and local environmental and land use regulations. He has worked with multiple agencies, including the Maine DEP, the Land Use Planning Commission, the Maine Drinking Water Program, and numerous towns throughout much of the state.

I am aware that some people are concerned about the fact that Mark works for Poland Spring, an entity that is subject to various environmental regulations. His circumstances, however, are no different than those of any other member of the regulated community that is appointed to the BEP, of whom there have been many over the years and who have served the State without controversy. Qualified people with Mark's combination of education and experience should not be prevented from serving simply because their employers are subject to environmental laws. On the contrary, Mark brings a wealth of knowledge and experience to the position that will help him serve the State well. I have no doubt that Mark will comply with Maine's conflict of interest statutes and recuse himself when appropriate. The vast majority of the issues that come before the BEP, however, have nothing to do with his employer, and he'll be able to lend his expertise to the BEP's analysis of issues ranging from clean air to hazardous waste to renewable energy, and more.

In short, we need more people like Mark to serve on Maine's volunteer boards like the BEP, not less. He has lived here in Maine for nearly his entire life. He's smart, educated, open-minded, and passionate about our environment. Accordingly, we strongly support his nomination to the BEP today. □

Amended property tax valuation bill receives majority “ought to pass” report

Maine State Chamber supported bill to improve valuation and appeals process for large industrial facilities

The Joint Standing Committee on Taxation recently held a work session on a carry-over bill, **LD 1479**, *An Act to Modernize and Improve Maine’s Property Tax System*. Ultimately, the committee voted 9-2 to recommend a “ought-to-pass as amended” report.

Last session, Maine Chamber lobbyist Linda Caprara testified in support of LD 1479, which would improve Maine’s property tax valuation and appeals process by preventing over-valuation of manufacturing and industrial property. Sponsored by Rep. Steve Stanley (D-Medway), the bill as submitted proposed to change the appeals process to make it more fair and reasonable. The bill would have:

- ♦ Required Maine Revenue Services’ property tax division to value property worth more than \$10 million;
- ♦ Limited the number of information requests and the number of appeals a taxpayer *must go* through from 5 to 3 in order to appeal their property tax valuations;
- ♦ Given the taxpayer the option to bypass the State Board of Property Tax Appeals altogether and appeal directly to Superior Court; and finally,
- ♦ Required that a business or industry representative with a taxation,

finance, or valuation background be added to the State Board of Property Tax Appeals.

A working group of stakeholders met during the summer and developed an amendment to the bill. Many of the original provisions above did not make it into the amendment currently before the committee. The one exception was the provision to appoint a business representative to the Board.

As currently drafted, the amended version will do several things. It will establish a task force to look at restructuring and improving the efficiency of the Board; clarify an assessor’s ability to request a “true and perfect” list of property and other information in a combined single notice to the taxpayer; establish a list of persons with whom the State Tax assessor can share proprietary information and would make it a class E crime for anyone who knowingly violates the confidentiality of the information; and, also provide for an opportunity for mediation between the assessor and taxpayer after filing an appeal with the Board but before a hearing is scheduled. If you have any questions, please contact Linda Caprara by calling (207) 623-4568, ext. 106, or by emailing lcaprara@mainechamber.org. □

Universal Elder Care... (Continued from Page 1...)

Caprara testified that LD 1612 represents a huge tax on working Maine families and is a step backwards for Maine. She noted that the bill does nothing more than resurrect the debate on raising income

taxes (similar to last session’s debate about the 3% income tax surcharge, which was eventually eliminated by the legislature) on one segment of the population to pay for services received by others.

For more information, please contact Linda Caprara by calling (207) 623-4568, ext. 106, or by emailing lcaprara@mainechamber.org. □

Taxation committee unanimously defeats bill to limit tax increment financing to certain industries

On Thursday, January 18, the Joint Standing Committee on Taxation held a work session and voted unanimously “ought-not-to-pass” on **LD 1565**, *An Act to Ensure the Effectiveness of Tax Increment Financing* (TIF). The bill’s sponsor, Rep. Karl Ward, submitted the bill on behalf of the Maine Department of Economic and Community Development (DECD). The bill would have inserted a new definition of “qualified business activity” as business activity related to manufacturing, financial services and targeted technologies. Originally, the bill would have required 80% of the area within a development district be designated by an entity engaged in a “qualified business activity,” therefore potentially limiting TIFs to those three industries.

Maine State Chamber staff opposed the bill last session, and it was subsequently carried over. This session, the department submitted an amendment to the bill that would have established criteria and notice requirements related to credit enhancement agreements (CEA) that occurred outside the normal TIF process – such as when CEAs were not originally included in TIFs, but rather were added at a later date. The department also wanted to keep the original language, but the committee did not agree with the original bill and voted accordingly.

If you have any questions, please contact Linda Caprara by calling (207) 623-4568, ext. 106, or by emailing lcaprara@mainechamber.org. □

Minimum Wage Testimony

Below, we have reprinted the testimony of Peter M. Gore, on behalf of the Maine State Chamber of Commerce, in support of portions of LD 1757, *An Act To Protect Maine's Economy by Slowing the Rate at Which the State's Minimum Wage Will Increase and Establishing a Training and Youth Wage*, delivered to the LCRED committee on Wednesday, January 24, 2018.

Senator Volk, Representative Fecteau, and members of the Joint Standing Committee on Labor, Commerce, Research and Economic Development: Good afternoon. My name is Peter Gore, and I am the vice president for advocacy and government relations at the Maine State Chamber of Commerce, a statewide business association representing both large and small businesses here to speak to you in support of portions of **L.D. 1757**, *An Act To Protect Maine's Economy by Slowing the Rate at Which the State's Minimum Wage Will Increase and Establishing a Training and Youth Wage*.

You are all aware of the specifics of what this piece of legislation is attempting to accomplish so I won't bother repeating them. Instead I will point out the chamber's position with respect to each of the bill's elements.

The Maine State Chamber does not support rolling back the minimum wage that became effective on January 1 of this year. Since the passage of the citizen-initiated legislation at the ballot box in November 2016, legislation that now controls this state's minimum wage policy, our state minimum wage has increased \$2.50 an hour – from \$7.50 to \$10 an hour in less than two years. That is not an insubstantial amount for a small employer to absorb or to work into their business model effectively. However, rolling back wages after they have already been given would likely cause other types of headaches for those same employers, especially in those areas that are already struggling to find workers.

Therefore, the Maine State Chamber is well on record as supporting a \$10 top minimum wage rather than the \$12 an hour amount scheduled to be in effect by 2020. We said back in 2016, and would

Legislative Strictly Social

This Networking Reception is brought to you by:

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Wed., February 28, 2018 ♦ 5:00 to 7:00 p.m.
The Senator Inn & Spa (Western Avenue, Augusta)

COMPLIMENTARY HORS D'OEUVRES & CASH BAR

The Maine State Chamber invites you to its **FREE Legislative Strictly Social** networking reception. Our annual Legislative Strictly Social is an ideal way for you, the Maine business leader, to interact with legislators, business associates, new and prospective Maine State Chamber members, and government representatives in a relaxed setting. **Please register by emailing your complete contact information to kmorrell@mainechamber.org.**

stand by that statement today, that \$10 an hour is more reasonable and sustainable for small employers. Given the difficult choices small businesses are making today with these higher wage-and-hour costs – and the concerns they have expressed to me regarding their options as wages approach \$12 an hour over the next two years – we continue to believe \$10 remains the right number.

I have represented the Chamber on minimum wage policy for more than 23 years. So I recognize that altering the policies adopted two years ago is unlikely. However, we believe that if the minimum wage is going to be higher than \$10, we would support slowing that rate of growth. We support the provisions of LD 1757 that increase the minimum wage by 50-cents an hour, and would also support capping the increase at \$11 an hour.

Likewise, we support eliminating the indexing portion of current law that will place wage increases on automatic pilot after 2020. The Chamber has never supported indexing the minimum wage. Any annual indexing of wages *above \$12 an hour* will be in the face of skyrocketing health insurance premiums, a potential 3.6 percent tax to fund adult care, proposals to require paid sick time, and oth-

ers sure to come. Where is the money to fund these increased costs to come from? And concurrently, what is being done to demonstratively, verifiably lower the cost of doing business for Maine's small businesses?

Again, we recognize the votes to outright eliminate minimum wage indexing are unlikely at this time. However, barring an outright repeal, the Maine State Chamber would propose the legislature amend current law to index the minimum wage every three years based on the three-year average. At least this would give small businesses ample time to adjust their business plans to accommodate the mandated increase.

Lastly, with respect to the establishment of a training wage in Maine, some of you may remember that last session we opposed a training wage for workers older than 16 years. The proposal before you this morning seeks to establish a two-tiered system for "youth" workers – one for workers under the age of 18 and a second "temporary" wage for workers between the ages of 18 and 20. While we are not sure this is the best solution, we do support some sort of training wage.

It is easy, in this "full employment

Continued on Page 5...

Minimum Wage... (Continued from Page 4...)

economy” to think that anyone who wants a job can find one. And young, inexperienced workers are currently in high demand in some sectors of our economy. However, at some point, the tables will unfortunately turn, and instead of more jobs than people, we will have more people than jobs. And at that point, the youth workers that the referendum was supposed to help will wind up doing something different.

In my conversations, employers have stated repeatedly that they will not hire a 16-year-old if they must pay them \$12 an hour. Given a choice between an experienced worker or entry level employee, both of who must be paid \$12 an hour, who is most likely to be hired? In addition, if the policy decision – now or in the future – leaves the current law unchanged, then the presence of a training wage may well assist some small employers in surviving.

“The concern within Maine’s small business community with regard to this state’s minimum wage policy has become a real one. Small businesses are afraid. For many, their successful business model has razor thin margins, with little profit left over. Looking ahead, many businesses I have spoken with have made it clear – wages above this year’s increase of \$10 an hour will result in significant economic repercussions.”

The concern within Maine’s small business community with regard to this state’s minimum wage policy has become a real one. Small businesses are afraid. For many, their successful business model has razor thin margins, with little profit left over. Looking ahead, many businesses I have spoken with have made it clear – wages above this year’s increase of \$10 an hour will result in *significant* economic repercussions. These include cut backs in the number of hours worked,

and job losses combined with higher prices for goods and services. In more than one case, I have had small businesses tell me they will simply become unprofitable and will close their doors.

Opponents of LD 1757 will decry this type of talk as hyperbole. Make no mistake – for the businesses I have spoken with, it is fact – it is their coming reality. While some parts of Maine may be able to support a minimum wage in the area of \$12 an hour, there are plenty of other parts of our state that cannot. I am also certain that opponents of this bill will point to the added spending power of the workers earning higher wages, and that would be true. However, it is important to remember that, that extra dollar an hour a worker received this past January, and the two more they will receive over the next two years, has to come from *somewhere*. In our small business economy, particularly in the rural parts of our state, that *somewhere* is a limited proposition. I spoke at the beginning of my testimony of the difficulty of taking something back once given. I would ask, isn’t it more prudent public policy to address this issue now, while you have the time, rather than a crisis 24, or even 12, months from now?

One final point, much is likely to be said today about the “will of the people” with respect to our minimum wage law and the November 2016 referendum question that brought about such sweeping and significant changes. However, the fact remains that you have the ability and legislative precedent to make responsible statutory amendments to what was approved by the voters. As legislators, you are the living embodiment of the “will of the people.” You were sent here by your districts to make the necessary provisions of law for the *betterment* of our state. Our current minimum wage law represents a significant barrier to economic growth and success for our small businesses. You can craft a reasonable, realistic, and sustainable alternative for our small businesses, all the while keeping faith with the desire of the voters. We stand ready to work with you should you desire to move forward with such a goal.

Thank you for the opportunity to provide you with our comments today. I would be pleased to answer any questions you may have. □

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.

ENVIRONMENTAL

LD 1784, An Act To Update the Laws Governing the Department of Environmental Protection’s Rule-making Authority Concerning Underground Oil Storage Facilities To Align with Federal Regulations. (Rep. Kinney, R-Limington) *Joint Standing Committee on Environment and Natural Resources.* This bill amends the laws governing the Department of Environmental Protection’s rule-making authority pertaining to underground oil storage tanks.

LD 1797, Resolve, Regarding Legislative Review of Portions of Chapter 418: Maine Solid Waste Management Rules: Beneficial Use of Solid Wastes, a Major Substantive Rule of the Department of Environmental Protection. Emergency (Rep. Tucker, D-Brunswick) *Joint Standing Committee on Environment and Natural Resources.* This resolve provides for legislative review of portions of Chapter 418: Maine Solid Waste Management Rules: Beneficial Use of Solid Wastes, a major substantive rule of the Department of Environmental Protection .

TAXATION

LD 1612, An Act to Support Maine Families through Universal Family Care. (Rep. Gattine, D-Westbrook) *Joint Standing Committee on Health and Human Services.* The bill would establish the Universal Family Care Program of universal child care and in home community support services for all individuals and families who are eligible. The bill proposes to increase income taxes to pay
Continued on Page 6...

New Legislation... **(Continued from Page 5...)**

for these services. This bill targets incomes over \$127,000 and would apply a tax equal to the Federal Social Security Old Age, Survivors and Disability Insurance program tax which is 12.4% and apply it in same manner equally to both employer (6.2%) and employee (6.2%); Self-employed persons would be also taxed at the same rates; and it would also subject certain high income earners with unearned income to an additional 3.8% tax.

LD 1723, *An Act to Expand Job Opportunities for People Working in Maine.* (Rep. Herbig, D-Belfast) *Joint Standing Committee on Taxation.* The bill is a concept draft and proposes to do what the title suggests and expand job opportunities for people in Maine.

LD 1744, *An Act to Create the Hire American s Tax Credit for Businesses that Hire Residents of the United States.* (Sen. Jackson, D-Aroostook) *Joint Standing Committee on Taxation.* The bill would provide a tax credit for US businesses that employ Maine residents who are engaged in the logging and trucking industries in Maine.

LD 1758, *An Act to Strengthen Maine Families with Children by Changing the Income Tax Laws.* (Rep. Fredette, R-Newport) *Joint Standing Committee on Taxation.* The bill would double the earned income tax credit a taxpayer may claim to 10% of the federal earned income tax credit and would enact a new child tax credit equal to the federal credit which is up to \$1,000.

LD 1781, *An Act to Encourage New Major Investment in Shipbuilding Facilities and the Preservation of Jobs.* (Rep. DeChant, D-Bath) *Joint Standing Committee on Taxation.* The bill would allow a shipbuilding facility an income tax credit equal to 3% of the total qualified investment as long as certain employment levels are met.

Public Hearings

Public hearings are open to everyone. This public hearing schedule is subject to change. Questions may be directed to the Secretary of the Senate's Office at (207) 287-1540. For the most current schedule, please visit <http://legislature.maine.gov/ljo/committee-membership/9089/> or contact the committee clerk.

Tuesday, January 30, 2018

Taxation

1:00 p.m.; State House, Room 127

LD 1765, An Act To Provide a Source of Revenue To Preserve the Integrity of Maine's Transportation Infrastructure (Rep. Parry of Arundel)

LD 1781, An Act To Encourage New Major Investments in Shipbuilding Facilities and the Preservation of Jobs (Rep. DeChant of Bath)

Wednesday, January 31, 2018

Labor, Commerce, Research and Economic Development

10:00 a.m.; Cross Building, Room 208

LD 1768, An Act To Reduce Impairment on the Job and Improve Workplace Safety by Amending the Laws Governing Employment Practices Concerning Substance Use Testing (Sen. Volk of Cumberland)

Thursday, February 1, 2018

Energy, Utilities and Technology

1:00 p.m.; Cross Building, Room 211

LD 1700, An Act To Protect Maine Residents and Businesses from Rising Electricity Costs (Rep. Berry of Bowdoinham)

LD 1741, Resolve, Establishing the Commission To Study the Economic, Environmental and Energy Benefits of Energy Storage to the Maine Electricity Industry (Pres. Thibodeau of Waldo)

Labor, Commerce, Research and Economic Development

1:00 p.m.; Cross Building, Room 208

LD 1769, An Act To Conform the Laws Regarding a Salaried Employee Who Is Exempt from Overtime and Minimum Wage Requirements to Federal Law (Sen. Volk of Cumberland)

LD 1770, An Act To Revise Laws Regarding Unemployment That Were Amended or Affected by Recently Enacted Legislation (Sen. Volk of Cumberland)

Wednesday, February 7, 2018

Education and Cultural Affairs

9:00 a.m.; Cross Building, Room 202

LD 1666, An Act To Ensure the Successful Implementation of Proficiency-based Diplomas by Extending the Timeline for Phasing in Their Implementation (Rep. Kornfield of Bangor)

LD 1697, An Act To Establish Alternative Pathways to the Completion of Secondary School Mathematics Requirements (Rep. Kornfield of Bangor)

Labor, Commerce, Research and Economic Development

10:00 a.m.; Cross Building, Room 208

LD 1587, An Act To Provide Economic Security to Maine Families through the Creation of a Paid Family Medical Leave System (Rep. Herbig of Belfast)

Veterans and Legal Affairs

9:00 a.m.; State House, Room 437

LD 1786, An Act Regarding Maine's Liquor Laws (Rep. Luchini of Ellsworth)



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Save yourself a seat at this special (free) event!

Internet Data Privacy and Net Neutrality:

What Does Internet Data Mean for Maine Businesses and Maine Consumers?

Thursday, February 15 | 7:30 to 9:30 a.m. | The Senator Inn & Spa, Augusta

With legislative action at the federal and state levels under considered this year, learn more about what this issue means for the Maine business community. This is a free event but seating is limited so pre-registration is a must. To register or for more information, please visit www.MaineChamber.org. □