

**132nd MAINE LEGISLATURE****LD 853****LR 1278(02)****An Act to Replace the Minimum Hourly Wage with a Regionally Based Living Wage****Fiscal Note for Bill as Amended by Committee Amendment " "****Committee: Labor****Fiscal Note Required: Yes**

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**Fiscal Note**

	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>Projections FY 2027-28</b>	<b>Projections FY 2028-29</b>
<b>Net Cost (Savings)</b>				
General Fund	\$7,404,262	\$16,821,355	\$21,248,409	\$26,063,971
Highway Fund	\$584,927	\$1,850,455	\$3,357,865	\$5,174,433
<b>Appropriations/Allocations</b>				
General Fund	\$7,404,262	\$16,821,355	\$21,248,409	\$26,063,971
Highway Fund	\$584,927	\$1,850,455	\$3,357,865	\$5,174,433
Federal Expenditures Fund	\$9,193,964	\$20,640,703	\$25,610,296	\$30,668,672
Federal Block Grant Fund	\$109,515	\$247,636	\$307,737	\$368,667
<b>Revenue</b>				
Federal Expenditures Fund	\$9,193,964	\$20,640,703	\$25,610,297	\$30,668,673
Federal Block Grant Fund	\$109,515	\$247,636	\$307,737	\$368,667

**Fiscal Detail and Notes**

This bill replaces the minimum wage for the State, currently at \$14.65 per hour, with a gradual implementation of a regional living wage as determine by the Massachusetts Institute of Technology, Living Wage Calculator effective January 1, 2026. The total cost to the State as an employer is estimated to be \$1,480,213 in fiscal year 2025-26 and \$4,522,461 in fiscal year 2026-27. This bill includes General Fund appropriations of \$492,603 in fiscal year 2025-26 and \$1,405,735 in fiscal year 2026-27 and Highway Fund allocations of \$584,927 and \$1,850,455 in fiscal years 2025-26 and 2026-27, respectively for the state departments and agencies impacted by this legislation to cover the increased costs for these two funds. The remaining costs of \$402,683 in fiscal year 2025-26 and \$1,266,271 in fiscal year 2026-27 will be distributed across multiple funds across state government.

This bill also includes ongoing General Fund appropriations of \$5,859,663 in fiscal year 2025-26 and \$13,414,545 in fiscal year 2026-27 to the Department of Health and Human Services to ensure that the labor components of rates for certain services equal at least 125% of the minimum wage under PL 2021, chapter 298, Part AAAA and to establish one Public Service Coordinator I position to support implementation and management of the new regionally based minimum wage. Federal Expenditures Fund and Federal Block Grant Fund allocations are also included for the FMAP match.

Ongoing General Fund appropriations of \$164,676 and \$226,435 in fiscal years 2025-26 and 2026-27 are also included in the bill for 2 Labor and Safety Inspector positions within the Department of Labor to support the implementation and enforcement of the new regionally based minimum wage.

This bill also includes ongoing General Fund appropriations of \$887,320 in fiscal year 2025-26 and \$1,774,640 in fiscal year 2026-27 to the Maine Community College System based on the estimated increase in costs associated with the gradual implementation of a regional living wage. Additional costs to the University of Maine System and Maine Maritime Academy can not be estimated at this time.

The increased wages may increase costs to local units of government depending on the existing rates of pay for the lowest paid employees at the time a higher wage would be imposed and cannot be determined at this time.