

Testimony of Jim MacNeill to the Labor & Housing Committee

RE: Opposition to LD 513, An Act Regarding Overtime Protections for Maine Workers

April 25, 2023

Senator Tipping, Representative Roeder, and the distinguished members of the Labor and Housing Committee: My name is Jim MacNeill and own the Maine Diner in Wells. I am submitting testimony in opposition of LD 513, An Act Regarding Overtime Protection for Maine Workers. An increase to the salary threshold of salaried employees will more than likely have a negative impact on salaried employees. Many salaried employees receive fringe benefits such as health & dental insurance, 401K matching percentages, and vehicle usage to name a few. To keep things simple, a currently salaried employee with a salary of \$52,000 per year, receiving health/dental insurance and a 4% match for their 401K plan, actually receives compensation of roughly \$66,000 annually. This is assuming the salaried employee is single with no children. If the health/dental insurance were for a family, the insurance would double, and the compensation would be closer to \$81,000 annually. Forcing salaries higher would likely result in the reduction/elimination of salaried employees and/or the elimination of benefits received by the salaried employee.

Please also keep in mind that there are many seasonally based occupations in the great state of Maine. Landscaping companies, paving companies, pool companies, ski areas and many other outdoor based outfits commonly maintain weekly paychecks for their salaried employees. If the salaries of these employees become cost prohibitive, layoffs will more than likely occur, placing a burden on our unemployment system.

I believe the goal of LD 513 is to compensate the salaried employee equivalently to that of an hourly employee. The concept of the bill is admirable. I simply believe that LD 513 will have a negative result exponentially greater than the good that is intended to come from it. Proposing an increase from \$41,400 (currently based on \$13.80/hour x 3000) to \$67,500 (assuming the cap of \$15/hour remains the same multiplied by 4500) results in a total increase of \$26,500.

From a mathematical perspective, the increased earnings do not make sense. You would like to force an increase of salaried wages of \$26,500 by January 1, 2026. If you look at a minimum wage employee, over time their earnings will only increase by \$2,496, going from \$13.80/hour to \$15.00/hour. A dishwasher, in the southern Maine beaches area, starts at \$16/hour and will likely get promoted to be a cook if they are motivated. This motivated person will only increase their earnings by \$4,160. An upper echelon line cook, currently valued at \$25/hour, assuming an annual wage increase of \$1/hour, will only increase their earnings by \$12,320. All of this data is based on a 40 hour work week, assuming no bad weather, forcing closure. Where is the equity?

Over the years, many employees have shown a commitment to our business and have earned promotions to salaried positions. We are pleased to offer salaried benefits that our employees have told us they enjoy. However, this bill will likely force some Maine based companies like mine to peel back or eliminate the benefits they offer to their employees and/or eliminate jobs.

Thank you for your consideration. I urge you to please vote LD 513 ought not to pass.