



**Alison Sucy, Chief Operating Officer and Director of Government Affairs,
on Behalf of the Maine Tourism Association**

In Opposition to

***LD 1964, An Act to Implement the Recommendations of the Commission
to Develop a Paid Family and Medical Leave Benefits Program***

May 25, 2023

Senator Tipping, Representative Roeder, and Members of the Joint Standing Committee on Labor and Housing:

My name is Alison Sucy and I am the Chief Operating Officer and Director of Government Affairs for the Maine Tourism Association. The Maine Tourism Association, a non-profit, is the state's largest tourism organization with nearly 1500 members. MTA has been promoting Maine and supporting its members in every type of tourism business such as lodging, restaurants, camps, campgrounds, retail, guides, tour operators, amusements, and historical and cultural attractions for over 100 years.

I present this testimony in opposition to LD 1964 as our members have numerous concerns with this proposal.

First, we believe that this proposal will speed up the shift in business ownership from Maine's smaller, family-owned businesses to out-of-state corporate ownership of Maine's tourism businesses. The fewer-than-15-employee businesses do not have to provide an employer contribution and large corporations can offer their own leave benefits product, so the burden of funding this falls to the majority of Maine's tourism businesses; for example, those that in peak season have on average between 20 and 50 employees. The tax to keep the fund solvent will likely have to be increased and will be paid by these small to mid-size, family-owned, multi-generational businesses. Combine that with the workforce shortages and tremendous costs of doing business, and we will see more and more of our Maine-owned businesses sold to large, out-of-state corporations.

While we value businesses and members of all sizes at MTA and the choices national brands provide, we want to keep a strong blend with traditional Maine operations. Lodging properties—motels, B&Bs, campgrounds, camps & cottages, and resort hotels—have been particularly susceptible to turning over ownership to national corporations. Formerly independently-owned or family-operated properties where the owners knew their customers, many of whom vacationed there annually for generations, are being lost. The pandemic, retirement of owners, and ever-increasing costs of doing business have led to the loss of these traditional businesses. The costs of this bill in terms of money, time, and workforce will greatly accelerate this unfortunate trend.

The Maine Tourism Association is the state's largest advocate for all tourism-related businesses. Incorporated in 1922, MTA members include lodging, restaurants, camps, campgrounds, retail, outdoor recreation, guides, tour operators, transportation, amusements, and cultural and historical attractions. MTA also operates on behalf of the state seven State Visitor Information Centers from Kittery to Calais, and annually produces the state's official travel planner, Maine Invites You (since 1933).

Second, without a seasonality exemption there will be an extreme hardship on our seasonal businesses. Three months of paid leave for workers can leave employers without a worker for 50-75% of their season. Our members have questions as to how this would apply to such workers: Self-employed individuals can participate so can a seasonal business owner utilize the program at the end of their season to be paid for three months of their off-season? With a low earning threshold to be eligible, can a worker get hired only to take three months leave with in the first few weeks of work? Where does that leave the employer who invested time and money into hiring and training a person only to have to start that process again one month into their short season? Can an employee take the leave in the last month of season? If their job would have ended with the business closing on October 31, on October 15 can the employee take leave and get paid for the next three months?

Workforce shortages continue to plague the tourism industry. Delays and difficulties obtaining H-2B and J-1 workers, challenges with housing and transportation for both foreign workers and Maine residents, and simply not enough people in Maine with the ability to work seasonal jobs make the shortages, experienced by all industries, particularly glaring for tourism. This bill will worsen tourism's workforce crisis.

Third, the hardship exemption of §850-J (below) from the sponsor's amendment is problematic. If we truly want to help small businesses, then make a complete exemption from the law in its entirety. The vague language of imposing "an undue hardship" would be open to wide interpretation under an undefined process. To attempt to prove this burden and qualify for this exemption, a business likely would have to disclose its finances.

4. Hardship exemption. An employer that employs less than 15 employees is not subject to the requirements of subsection 1 and 2 if compliance with the requirements of subsection 1 or 2 would impose an undue hardship on the employer that results in significant difficulty or expenses to the employer when considered in relation to the size, financial resources, nature, or structure of the employer's business

Finally, we have concerns about the following details from the sponsor's amendment:

- The low threshold for employees to qualify (6xSAWW vs 12 consecutive months at the same employer under Maine's FMLA)
- The duration of the leave (3 months per year vs 10 weeks every two years for Maine's FMLA)
- The application to all businesses regardless of size (Maine's FMLA does not apply to firms under 15 employees)
- The employer share at 50% (our New England neighbors have no employer share mandated, except for MA for medical only)
- The broad, subjective, and undefined family definition ("a significant personal bond that is or is like a family relationship"—as defined by whom?)
- The wage replacement and benefits cap is higher than nearly every other state (at 90% if greater than 50% of SAWW or 75% if 50% or less than SAWW with 100% benefit cap)

We sincerely believe that this proposal will cause great harm to Maine's tourism businesses. We don't want to see a dramatic increase in the corporatization of, and thus loss of, Maine's traditional family-run businesses. Thank you for your time and consideration of our testimony.