



**Testimony of**

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**Before the Joint Standing Committee on Labor and Housing, In Opposition to LD 1964, An Act to Implement the Recommendations of the Commission to Develop a Paid Family and Medical Leave Benefits Program**

**Thursday, May 24, 2023**

Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor and Housing, my name is Dana Doran, and I am the Executive Director of the Professional Logging Contractors of Maine. The Professional Logging Contractors of Maine (PLC) is a trade association that represents logging and associated trucking contractors throughout the state of Maine. The PLC was formed in 1995 to give independent contractors a voice in a rapidly changing forest industry.

As of 2021, logging and trucking contractors in Maine employed over 3,000 people directly and were indirectly responsible for the creation of an additional 2,500 jobs. This employment and the investments that contractors make contributed \$582 million to the state's economy. Our membership, which includes 200 contractor members and an additional 120 associate members, employs more than 75% of the individuals who work in this industry and is also responsible for 80% of Maine's annual timber harvest.

Thank you for providing me the opportunity to testify on behalf of our membership in opposition to LD 1964, An Act to Implement the Recommendations of the Commission to Develop a Paid Family and Medical Leave Benefits Program. While we respect the sponsors intent with this legislation, this is not a mandate that Maine's small businesses, especially those in logging and trucking, can afford at this time or in the future.

Most logging and trucking firms in Maine are family-based businesses that pride themselves on providing stable places of employment and treating their employees like they are family members. They are also committed to their rural place and the people that work for them. It is not in their best interest to rule with an iron fist and not work with their employees to provide paid time off if necessary. If they did, this reputation would precede them, and it would be impossible to retain employees, especially now.

The logging industry in Maine was in the midst of a resurgence until the onset of COVID 19 and the digester explosion at the Jay mill in 2020. As a result of mill closures, curtailments and inflation created by the response to COVID 19, we are estimating that Maine has lost 30% of its harvesting capacity since 2020. In just four years, the industry has shrunk from an annual economic impact of \$620 million to \$582 million and total jobs have been reduced from 9,000

to 5,500. This schism is about to get even wider as we are now experiencing the effects of the complete shutdown of the Jay mill, a long-term shutdown of the Old Town Mill and the Baileyville Mill has announced intermittent shutdowns due to global downturns in kraft pulp demand that will last throughout the year. As a result, we might lose another 10-20% of the harvesting capacity by the end of 2023. Employers in logging and trucking accommodate family leave requests all the time, but this bill will do nothing to help them remain profitable, in fact, it has the potential to run many of them out of business.

The PLC and our membership are opposed to this legislation for the following reasons:

- 1)** This bill could add a significant new wage tax to all our members across the state simply to create a new Short Term Disability Program that is already available privately. This bill is not an extension of the state's existing FMLA law using the private insurance market—it creates a new short-term disability insurance program mandate that is funded by a new escalating tax. The tax amount on employer payrolls and employee wages could also be increased if the program doesn't have sufficient funds for administration and benefit costs.
- 2)** Wood prices are suppressed because of lost or vastly reduced markets. Lower pay for wood cannot sustain increased expenses passed along by the government. Contractors are price takers, not price setters and they simply cannot afford any new taxes, especially when they are operating on a 1-2% margin already.
- 3)** More Burden for Small Businesses – In 2019, the Legislature passed a law mandating the provision of paid time off for companies with 10 or more employees. Now, it wants to go even further and require more paid time off. With this legislation, contractors with 15 or more employees would not only be required to provide one week of paid time off, but an additional 12 weeks (three months) of paid time off. We've already seen 30% of logging capacity disappear in the last three years. This could wipe out every logging and trucking business in Maine unless they all downsize to 14 or fewer employees.
- 4)** Prone to Misuse – According to the bill, the average Mainer only needs 6 weeks' worth of earnings over the course of a year to qualify for three months of leave annually. Employees could qualify for leave for anyone they consider having "like a family relationship", regardless of actual blood or familial relation, which is 100% subjective could be taken advantage of easily.
- 5)** Worsens the Workforce Shortage Crisis – The workforce shortage crisis shows no signs of rebounding anytime soon. Three month paid absences from the workplace would provide no certainty to employers trying to secure stable staffing levels.

Finally, we are respectful of the sponsors, however this is not a productive piece of legislation and considering what is going on in this industry, this is no time to add cost and burden to an already strained logging and trucking community. I encourage you to vote ought not to pass on LD 1964 and I would be happy to answer any questions you might have.