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March 25, 2025 (Updated March 31, 2025)

To: Sen. Mike Tipping and Rep. Amy Roeder, co-chairs  
Members, Committee on Labor

From: David R. Clough, State Director in Maine

Re: LD 853 – Replace the Minimum Hourly Wage with a Regionally Based Living Wage

This statement opposed to LD 853 is on behalf of the thousands of small business owners in Maine who are members of the National Federation of Independent Business. Member businesses collectively span a wide range of economic activities; provide jobs and paychecks to about 30,000 people; and help form the economic backbone of hundreds of communities and the State.

- LD 853 moves away from one statewide minimum wage to three separate “living wages” that are organized by region. The regions slice Maine into county-based areas:
  - Portland metropolitan region (Cumberland & York),
  - Coastal region (Hancock, Kennebec, Knox, Lincoln, Oxford, Sagadahoc, and Waldo), and
  - Northern region (Androscoggin, Aroostook, Franklin, Penobscot, Piscataquis, Somerset, and Washington)
- For each region, LD 853 establishes a wage tied to calculations made by Amy Glasmeier, PhD, M.I.T. Professor of Economic Geography and Regional Planning.
- Based on data for Maine as of February 10, 2025, these are the living wage calculations for each region and counties or metropolitan areas of Maine (<https://livingwage.mit.edu/>):

<b>PORTLAND-SOUTH PORTLAND</b>		<b>COASTAL REGION</b>		<b>NORTHERN REGION</b>	
<u>\$25.11</u>	<u>Portland</u>	<u>\$23.22</u>	<u>State</u>	<u>\$22.25</u>	<u>Bangor</u>
\$25.45	Cumberland	\$21.56	Knox	\$20.64	Aroostook
\$24.85	York	\$21.80	Kennebec	\$20.69	Washington
		\$22.05	Oxford	\$21.23	Piscataquis
		\$22.86	Waldo	\$21.40	Somerset
		\$23.54	Hancock	\$21.49	Androscoggin
		\$23.77	Sagadahoc	\$21.56	Franklin
		\$23.86	Lincoln	\$22.25	Penobscot

- This table shows that 11 of 16 counties are below the regional living wage to which the county would be assigned, resulting in substantial increases in the cost of providing jobs within those counties. It also should be noted that as the wage floor rises, the ripple effect also rises, as wages up to 150% of the minimum wage are pushed up, according to an expert at the Brookings

Institution ([www.brookings.edu/articles/the-ripple-effect-of-a-minimum-wage-increase-on-american-workers/](http://www.brookings.edu/articles/the-ripple-effect-of-a-minimum-wage-increase-on-american-workers/)).

- Mandated wage increases have consequences; money to pay for the additional costs must be found throughout the business. NFIB conducted an *informal survey* of its members several years ago to get a sense of how small businesses go about managing the higher employment costs of minimum wage increases. The results are what one would expect:
  - 58% Increase prices to customers
  - 45% Reduce work hours
  - 37% Reduce workers
  - 36% Reduce or limit worker benefits
  - 35% Limit pay increases of other workers
  - 30% Take less owner's profit
  - 22% Other action
- A few years ago, in response to complaints from nonprofit agencies that provide fee-based services under contract with the State of Maine, a law was enacted that recognizes the wage squeeze employers may experience. Title 22, Section 7402, requires that an increase in the minimum wage must be applied to the provider reimbursement rate at the same time the minimum wage increase takes effect. ([Title 22, §7402: Essential support worker reimbursement](#)).

NFIB respectfully urges an Ought Not to Pass report on LD 853. Small business owners share an interest in growing the Maine economy but not in the way contemplated by this legislation. The unintended consequences of mandating higher wages than already built into law and economic dynamics could be significant, especially with the known and unknown effects of the Paid Family & Medical Leave law.

Thank you for being mindful of Maine small business owners.