



PORTLAND
Regional Chamber of Commerce

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Testimony in Support of LD 203-An Act to Provide an Income Tax Credit for Employer-supported Child Care

Joint Standing Committee on Taxation
April 16, 2025

Senators Grohoski, Representatives Cloutier, and members of the Committee on Taxation,

Thank you for this opportunity to provide testimony in support of LD 203, An Act to Provide an Income Tax Credit for Employer-supported Child Care. I am Eamonn Dundon, the Director of Advocacy of the Portland Regional Chamber of Commerce. We represent 1,300 businesses in our region, collectively employing more than 75,000 Mainers. I am here today to express our strong support for this important legislation.

LD 203 proposes the creation of a new and improved employer-supported childcare tax credit to replace the version that sunset in 2016. The previous credit—limited to \$100 per child in most cases—was far too modest to make a meaningful impact, which led to its underutilization. The new credit proposed under LD 203 addresses this issue by simplifying and expanding the credit amount to reflect the real costs and modern realities of employer-supported childcare in Maine.

This proposal comes at a pivotal moment. State support for the childcare sector is facing severe reductions, putting increased pressure on families and employers alike. Encouraging and sustaining employer investment in childcare is now more important than ever.

Beyond housing, the lack of affordable childcare is the most significant barrier our members face in recruiting and retaining employees. Since 2020, we've partnered with Starting Strong to survey our members on this issue. The findings are stark:

- In 2020, **57%** of our members indicated a lack of affordable childcare hindered their ability to recruit and retain employees; by 2023, that number rose to **65%**.
- In 2020 **70%** indicated that employees struggled to find affordable childcare; by 2023 that figure increased to **82%**.
- This business cost of these challenges is clear—**88%** of employers reported unplanned employee absences due to childcare issues in 2023.

We are currently conducting an updated survey for 2025 and look forward to sharing results with you soon.

Despite these challenges, businesses are rising to meet the moment, and this legislation can help ensure those efforts are sustained and expanded. The United Way of Southern Maine (UWSM), in partnership with the Portland Regional Chamber, has launched United for Childcare, a new 501(c)(3) organization dedicated to expanding childcare capacity. Through this initiative, employers are committing startup funding for three new childcare centers in South Portland, Freeport, and York County—creating up to 400 slots over the next five years, including the potential for Maine's first 24-hour childcare center.



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Other major employers are stepping up as well. Jackson Laboratory and Bath Iron Works have both entered into innovative partnerships with local YMCAs to provide employer-supported childcare. In March, we convened a panel with representatives from UWSM, Jackson Labs, and BIW to discuss these efforts ([recording](#)). The message was clear: employers are committed to supporting their workforce through childcare, but they need help. This is especially true for smaller businesses, which may not have the resources to build or operate their own facilities but are eager to subsidize care if the state is willing to match their investment.

We urge you to support LD 203 and help Maine employers invest in solutions that support working families. There is no single fix for Maine's childcare shortage, but this bill represents a key piece of the puzzle. It will help ensure that innovative employer efforts not only continue, but grow in the years ahead.

Thank you for your time and consideration.