

**TESTIMONY OF BATH IRON WORKS CORPORATION
BEFORE THE JOINT STANDING COMMITTEE ON LABOR
IN SUPPORT OF
LD 1307 AN ACT TO SUSPEND THE REMITTANCE OBLIGATION FOR PAID FAMILY AND
MEDICAL LEAVE PRIVATE PLAN USERS
APRIL 23, 2025**

Bath Iron Works (“BIW”) is the largest manufacturer in the state and has over 6,700 employees, hailing from all 16 counties, and wages totaling \$499 million, as that term is defined in the PFML. BIW currently has 11 ships under contract and in various stages of construction. Spending by the company and its employees support additional economic activity with \$2.5 billion in total economic output in 2023 and supporting a total of 14,200 jobs in Maine. In 2024, BIW spent \$110 million doing business with over 300 local Maine companies.

In 2023, the Legislature enacted the Paid Family Medical Leave (“PFML”) program and made the policy determination that employers should be able to provide PFML benefits through private insurance policies, 26 M.R.S. § 850-H, and that an employer who does so “is not required to remit premiums” into the state plan 26 M.R.S. § 850-F(8).

The primary sponsor of the PFML, Senator Mattie Daughtry, and co-sponsor Representative Kristen Cloutier, jointly testified in support of PFML and stated, “With a comparable program, the business is exempt from the program. . . . For a business with existing benefits, there would be no need to pay into the state fund under this law. Businesses can still select private programs. We wanted to keep that flexibility for Maine employers.” *An Act to Implement the Recommendations of the Commission to Develop a Paid Family and Medical Leave Benefits Program: Hearing on L.D. 1964 Before the J. Standing Comm. on Lab. & Hous.*, 131st Legis. 6 (May 25, 2023) (testimony of Sen. Daughtry and Rep. Cloutier) (emphases added).

The Department of Labor (“DOL”), however, promulgated implementing regulations that embody the opposite policy determination by requiring employers who offer private plans to remit “non-refundable” premium payments into the state plan for at least one quarter. 12-702 C.M.R. ch. 1, § XIII(A)(4)(b); *see id.* XIII(A)(2), (4). The DOL has ignored that legislative exemption through the timing provisions of the rules.

The DOL has created a regulatory framework that unlawfully requires BIW and its employees to pay more than \$1 million in premiums to the state for no benefit. Many other Maine employers and employees are in the same position. The Legislature never intended for employers to pay into a fund that those employers - and their employees - would never benefit from.

LD 1307 does not seek to block the law, its implementation or the benefits it provides, but simply seeks to correct the deficiency of the rule with respect to employers choosing private insurance. The Legislature has plainly and clearly articulated that employers with approved substitute private plans are exempt from paying premiums into the fund and need not wait for the Maine Supreme Court to interpret what the Legislature said and meant in § 850-F(8).

BIW respectfully requests your support for LD 1307.





GENERAL DYNAMICS
Bath Iron Works

IMPACT ON MAINE'S ECONOMY

2024

A report prepared by
Wallace Economic
Advisors

Our shipbuilders drive Maine's economy.

ECONOMIC INVESTMENTS & OUTPUT

\$2.5 B
economic output
in 2023 *



\$375 M
invested in shipyard
improvements
2018–2023



\$117 M
spent with 285
Maine suppliers
2023



\$2 B
contributed to
the Sagadahoc –
Cumberland County region
2023



\$9 M
spent with Bath and
Brunswick businesses
2023



\$800 M

direct + indirect + induced wages
2023 *

JOBS & WAGES

14,200

direct + indirect jobs
in 2023



6,700 direct jobs
in 2023 **

12.4 % of Maine's
manufacturing
workforce

\$447 M
employee earnings
in 2023



2.3 %
of Maine's
private-sector jobs

SPENDING IMPACTS

\$65 M paid per year in state
and local taxes



tax revenues *** = **20x**

tax revenues on
BIW direct wages = **12x**

the value
of Maine's
shipbuilding
tax credit

1/3 of the City of Bath's total tax base

WORKFORCE DEVELOPMENT



\$11 M
invested in
recruitment
2016–2023



\$118 M
invested in training
2016–2023



93% retention rate for employees
completing pre-hire training
at community colleges
since 2023



15% average increase in wages for
new-hires each year
2021–2023



37% increase in female employees
since 2000



*including multiplier effects

** as of January 1

*** estimated total wage impacts