

**Testimony of
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On behalf of the
Maine State Chamber of Commerce
Before the Joint Standing Committee on Labor and Housing
in opposition to
L.D. 1376 An Act to Create a Livable Wage by Increasing the Minimum Hourly Wage**

April 11, 2023

Sen. Tipping, Rep. Roeder and members of the Joint Standing Committee on Health Coverage and Insurance and Financial Services, my name is Peter Gore, and I am a Government Affairs Consultant with Maine Street Solutions, and I am here on behalf of my client, the Maine State Chamber of Commerce, a statewide business association representing both large and small businesses speaking to you today in opposition to **L.D. 1376 An Act to Create a Livable Wage by Increasing the Minimum Hourly Wage**.

L.D. 1376 proposes to increase Maine's minimum wage to \$15 an hour beginning 1/1/24 and increase it annually until 2033 by \$1 a year, or by the increase in the consumer price index, whichever is greater. Should the bill become law, Maine's minimum wage by 2033 would be \$23 an hour, at a minimum, most likely higher. We are strongly opposed to this proposal.

It is absolutely true that many large employers, as well as employers in more urban areas of our state pay above the minimum wage – in some instances well above. They are doing so because they are looking to attract and recruit employees, and because they are in a financial position that allows them to afford to do so. But not every employer, large or small, can afford a starting wage of \$23 an hour – now or in the future. A state mandate directing them to do so may well result in a loss of other benefits, like health insurance, fewer employees being hired, reduced hours and job elimination. It creates a overall higher cost of doing business in our state, that in turn, makes it harder to attract jobs and opportunities for our citizens.

The referendum enacted by the voters in 2016 ensured that Maine's minimum wage would increase on a yearly basis. Since its passage at that time, Maine's minimum wage, which was already above the federal threshold, has nearly doubled, standing at \$13.80 an hour. It will continue to rise annually because of the indexing portion of the referendum. According to Paycom.com, Maine currently has the 8th highest minimum wage in the nation.

Wage and hour costs are part of the lexicon of business costs that must be accounted for and covered if a small business is going to make a profit and survive. In the wake of soaring inflation and the dramatic increase in cost of the raw materials businesses need to create the products that drive their enterprises, business of all sizes and economic sectors have had to raise their prices, significantly in some cases. In amongst those increased prices is the need to account for significantly higher wage and hour costs. And many businesses I have spoken with make no bones about the fact that our higher wage mandates result in higher prices for consumers.

I am certain that supporters of this bill will point to the added spending power of the workers earning higher wages. And that would be true. But it is important to remember that the extra one dollar and eighty cents an hour a worker received this past January from our existing minimum wage policy must come from *somewhere*. What will small, rural businesses do when the minimum wage – a wage many employers view as a beginner, or training wage - increases a dollar an hour or more regardless of if economic conditions? In our small business economy, particularly in the rural parts of our state, *somewhere* is a limited proposition. And do folks really have greater spending power if the items they buy have significantly increased in cost at the same time?

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The voice of Maine business

Maine voters addressed the issue of increasing our states minimum wage on a going forward basis nearly 7 years ago. Legislation like LD 1376 is unnecessary, and would harm Maine's smallest, rural businesses. It is for these reasons the Maine State Chamber is opposed to its enactment. Thank you for your attention to our testimony.