



Testimony of Nate Cloutier

Before the Joint Standing Committee on Taxation
April 11, 2023

In Support of LD 1222, ***“An Act to Expand Child Care Services Through an Employer-supported Tax Credit”***

Senator Grohoski, Representative Perry, and distinguished members of the Taxation Committee: My name is Nate Cloutier, and I am here today on behalf of HospitalityMaine representing more than 1,200 restaurant and lodging operators of all sizes across the state. HospitalityMaine supports LD 1222, *“An Act to Expand Child Care Services Through an Employer-supported Tax Credit.”*

We thank Senator Stewart and the bipartisan cosponsors who support this bill and see this legislation as an opportunity to strengthen the workforce and make childcare more affordable for families. In developing our policy agenda at HospitalityMaine, it was abundantly clear that the biggest hurdle the industry faces is the workforce shortage. Businesses continue to tell me that their employees struggle with finding available and affordable childcare, which makes long-term stable employment even more difficult. As you can see today, employers are ecstatic about the opportunity to lift some of the burden off families as they struggle to deal with childcare services.

We have brought together a broad group of supporters today, including HospitalityMaine, Maine Forest Products Council, Maine State Chamber of Commerce, Retail Association of Maine, Maine Grocers and Food Producers Association, Maine Tourism Association, the YMCA Alliance of Maine, Educate Maine, Ready Nation, Maine Association for the Education of Young Children, Maine Community Action Agencies, and more. It is unique and encouraging to see childcare providers and experts, and the business community team-up together on this issue and truly underscores the seriousness of the problems that this bill aims to address.

Most estimates show that childcare costs more than \$10,000 per child annually. This bill would encourage employers who provide or pay in-kind resources for the care of children of its employees, with a credit of 50% of the expended amount up to \$3,000. After careful consideration and collaboration with the bill sponsor and field experts, we feel this reimbursement rate strikes a fair balance that incentivizes employers to use this program while delivering meaningful financial relief to families. We also see this bill as a mechanism that will draw workers back into the workforce and help keep those already working employed.

Like hospitality businesses, childcare providers had to weather the pandemic, and many were unable to remain open as the workforce shortage. On top of a loss in total number of providers, these providers cannot attract workers because they cannot afford to offer attractive wages, which in-turn often forces providers to raise the cost of care to offer more competitive pay. The childcare crisis is a multifaceted problem that will take a multifaceted approach to fix. We recognize that this legislation is not *the* solution to childcare crisis, and there are more elements that need to be addressed (including stronger wages for childcare workers), however this legislation is a step in the right direction that will deliver tangible relief now and is worthy of your support.

Thank you for your consideration. Please vote LD 1222 ought to pass. I would be happy to answer any questions you may have.