

Testimony of Nate Cloutier

Before the Joint Standing Committee on Labor and Housing
April 25, 2023

In Opposition to LD 513, “An Act Regarding Overtime Protections for Certain Maine Workers”

Senator Tipping, Representative Roeder, and distinguished members of the Committee on Labor and Housing: 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 opposes LD 513, “An Act Regarding Overtime Protections for Certain Maine Workers.”

Making changes to the overtime salary threshold is becoming a perennial issue in front of this Committee. LD 513 proposes increases to levels significantly higher than the current federal level. As is the case in previous years, Maine would continue to be an outlier both regionally and nationally. Only five states (California, Colorado, Maine, New York, and Washington) set their own overtime salary thresholds above the federal law. Quick math shows that if LD 513 were to be existing law in Maine, the threshold would be ~\$62,100 (4500 times \$13.80). This figure doesn't calculate consumer price index increases, which more accurately pushes that number closer to \$70,000. The current threshold set in statute is \$41,101 per year, while the per capita income in Maine is \$36,171 according to 2021 data from the Census Bureau. This would markedly change the scope of small businesses in Maine and will ultimately lead to an overall decrease in work productivity and increased labor costs.

LD 513 would also put small employers at a disadvantage compared to their larger counterparts as larger businesses inherently have more flexibility to absorb staffing changes. When faced with the choice of raising salaries significantly, reducing hours for hourly workers, and/or switching salaried employees to hourly, businesses are most likely resort to the last two, first. This is ultimately a losing proposition for employers already struggling to find employees to keep the doors open.

Increasing the overtime exemption threshold sounds like it lifts low-wage workers to higher incomes, however the reality is more complicated and produces unintended consequences. Maine employers have already had to absorb numerous labor costs in previous years, not to mention there are several proposals on the table this session that would also no doubt add to the cost of doing business in Maine.

We urge you to please vote ought not to pass on LD 513. Maine is already cast as an outlier against the 45 other states who mirror the federal overtime salary threshold; now is not the time to widen that disparity.

Thank you, and I would be happy to answer any questions.