

Testimony of Nate Cloutier

Before the Joint Standing Committee on Taxation

January 9, 2024

In Support of LD 1900, *"An Act to Establish a Tax Credit for Employers Who Employ Persons Recovering from Substance Use Disorder"*

Senator Grohoski, Representative Perry, and distinguished members of the Committee on Taxation: My name is Nate Cloutier, and I am here today on behalf of HospitalityMaine representing more than 1,300 restaurant and lodging operators of all sizes across the state. HospitalityMaine supports LD 1900, *"An Act to Establish a Tax Credit for Employers Who Employ Persons Recovering from Substance Use Disorder"*.

We thank Senator Brakey for sponsoring this legislation and bringing attention to the issue of substance use disorder (SUD). LD 1900 would provide a tax credit for employers who employ persons recovering from substance use disorder. The bill proposes to give a credit of \$1 for every hour worked up to \$2,000 once that employee has been employed with the employer for at least 500 hours. The credit may only be claimed once per employee and is limited to a total allocation of \$2M per year. This initiative is a great step toward improving the well-being of our workforce.

The Maine hospitality industry, which encompasses hotels, restaurants, and various tourism-related businesses, plays a vital role in the state's economy. However, like many sectors, it is not immune to the challenges posed by substance use disorders. Substance use disorder is a pervasive issue that requires a comprehensive and compassionate response. By providing tax credits for employers who actively support workers undergoing substance use disorder treatment, the legislation creates a framework for businesses to play a more integral role in the recovery and wellness of their employees.

Small businesses, which constitute a significant portion of the hospitality sector, often face resource constraints when addressing issues like SUD. By incentivizing employers to actively engage in supporting their employees through treatment, we send a powerful message that addiction is a treatable health condition, not a moral failing. This will also inherently normalize these types of discussions in the workplace, which may be the only place some employees can openly discuss struggles with SUD. This shift in perspective will foster a more supportive and understanding work environment, ultimately reducing the stigma that is so often associated with seeking help.

The opioid epidemic has had a profound impact on our state, and we continue to experience multiple deaths every day due to it. Many employers see themselves as partners in the greater effort to curb SUD. Addressing substance use is not just an economic imperative but also a moral obligation. By supporting this legislation, we can contribute to a culture of empathy, support, and resiliency in our communities and workplaces.

We offer some technical changes for your consideration:

- Paragraph 23B(1) requires employers wishing to participate in the program to obtain certification from the commissioner demonstrating that the employer “provides a recovery-supportive environment for its employees as evidenced by a formal working relationship with a local recovery or treatment provider certified by the department...”. It’s not clear what constitutes a formal working relationship and if there would be cost to employers for engaging with local recovery and treatment providers.
- Treatment for SUD is often a private relationship between the person and the treatment facility. Employers can act as a point of support for employees but shouldn’t be required to interfere in a way that is uncomfortable for the employee or employer.
- There are several state programs that require 120 days of employment before employees are eligible for benefits. Instead of a credit based on the number of hours worked, it may be more suitable to set the eligibility threshold at 120 days worked in a calendar year. This is easier for employers to track and easier for Maine Revenue Services to verify. If the Committee chooses to move forward with the 500-hour eligibility threshold, the first 500 hours should be included in the credit amount determination.

Thank you for your consideration. I would be happy to answer any questions you may have.