
Testimony in Support of LD 1815, An Act to Protect Maine's Consumers by Establishing an Abuse of Dominance Right of Action and Requiring Notification of Mergers

January 9, 2024

Senator Curry, Rep. Roberts, and members of the IDEA-B Committee, my name is James Myall and I am an analyst at the Maine Center for Economic Policy. I am testifying today on behalf of my colleague Maura Pillsbury in support of LD 1815, which would allow the state, municipalities, and individuals in Maine the right to sue companies that dominate the market and engage in harmful business practices like price fixing.

For too long, big companies like Amazon have exploited their power and market dominance to run small Maine companies out of business and turn our vibrant Maine downtowns into ghost towns. Now recent federal lawsuits have brought to light practices of businesses like Amazon, who are alleged to have engaged in price fixing, running competitors out of the market, and driving up prices for consumers.ⁱ There is also evidence this behavior has contributed to the recent rapid rise in inflation.ⁱⁱ A small number of businesses have control over the prices Mainers pay for many goods. Increased market competition helps decrease inflation, while market domination by just a few firms increases it.

The business community will tell you this bill is bad for business—but it is only bad for big businesses who don't play by the rules and engage in practices that are already illegal. This bill simply creates a mechanism for folks in the state of Maine to put a stop to this, rather than waiting for the outcome of federal anti-trust lawsuits.

We have all seen businesses shutter in our communities over the past several years. The rise of online shopping and proliferation of retail chain mega-stores has created pressure on local communities that depend on property tax revenues from local businesses to support their schools and services. When local businesses cannot survive and thrive, it hurts all of us. MECEP research has found that when folks spend money at local businesses, more money flows back into local communities.ⁱⁱⁱ

This bill also benefits workers by banning non-competes and other restraints on employee freedom of movement by businesses in market dominant positions. Non-compete agreements have been studied extensively in recent years, and have been shown to reduce employee

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wages, and prevent the startup of new businesses. Some studies have also found that they are particularly harmful to women.^{iv}

Please keep in mind the hardworking small business owners who can't take a day off from work to be here today who would benefit from this bill. Maine communities and downtowns are harmed by big retailers who don't play by the rules and can undercut our mom and pop stores. Large monopolies control their access to equipment, supplies, and inventory and set prices at a level where our small local businesses cannot compete with larger retailers. This bill gives us a path to create a level playing field for all Maine businesses. We urge you to support it.

ⁱ Federal Trade Commission. "FTC Sues Amazon for Illegally Maintaining Monopoly Power." 26 Sept 2023. <https://www.ftc.gov/news-events/news/press-releases/2023/09/ftc-sues-amazon-illegally-maintaining-monopoly-power>

ⁱⁱ Myall, James and Arthur Phillips. *Feeling the Pinch: Inflation and corporate consolidation*. 20 June 2022. Maine Center for Economic Policy. <https://www.mecep.org/maines-economy/feeling-the-pinch-inflation-and-corporate-consolidation/>

ⁱⁱⁱ Martin, Garrett and Amar Patel. *Going Local: Quantifying the Economic Impacts of Buying from Locally Owned Businesses in Portland, Maine*. 5 Dec 2011. <https://www.mecep.org/maines-economy/going-local-quantifying-the-economic-impacts-of-buying-from-locally-owned-businesses-in-portland-maine/>

^{iv} US Government Accountability Office. *Noncompete Agreements: Use Is Widespread to Protect Business' Stated Interests, Restricts Job Mobility, and May Affect Wages*. May 2023 <https://www.gao.gov/assets/gao-23-103785.pdf>

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