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Testimony of Nate Cloutier

Before the Joint Standing Committee on Labor
February 5, 2025

In Opposition to LD 54, *"An Act to Require Employers to Disclose Pay Ranges and Maintain Records of Employees' Pay Histories"*

Senator Tipping, Representative Roeder, and distinguished members of the Labor Committee, my name is Nate Cloutier, and I am here today on behalf of HospitalityMaine, which represents Maine's restaurant and lodging industry. I am also testifying on behalf of the Maine Tourism Association, a non-profit association and the state's largest tourism organization with nearly 1500 members. HospitalityMaine and Maine Tourism Association respectfully oppose LD 54, *"An Act to Require Employers to Disclose Pay Ranges and Maintain Records of Employees' Pay Histories."*

LD 54 proposes several requirements for Maine employers:

1. Employers with 10 or more employees must include a statement in all job postings that lists the prospective range of pay for the position.
2. Employers must disclose the range of pay for an employee's current position upon request.
3. Employers must maintain a record of each position held by an employee and their pay history during employment, retaining these records for three years after termination.

While we recognize and support fair hiring practices, we believe that the decision to disclose salary ranges should remain at the discretion of the employer, rather than being mandated by the state. Many businesses in Maine already voluntarily share pay information in job postings, while others tailor their approach based on business needs and industry standards. Employers should have the flexibility to determine their hiring strategies without additional regulatory burdens.

The hospitality and tourism industries are unique in their hiring structures. Many positions in our sector are seasonal, part-time, or tipped, making it difficult to define rigid pay ranges in job postings. A one-size-

fits-all mandate does not account for these complexities, potentially leading to misleading or inaccurate pay expectations that deter prospective employees from applying.

Moreover, Maine businesses are facing unprecedented challenges, including rising operational costs, workforce shortages, and economic uncertainty. Over the past eight years, wages have increased significantly, creating complexities in maintaining equitable compensation structures. Mandating pay range disclosures could unintentionally pressure businesses to offer higher starting wages, disrupting internal pay equity and leading to wage compression, where newer hires earn wages comparable to or exceeding long-tenured employees. This imbalance can reduce employee retention, limit career growth incentives, and place small businesses at a competitive disadvantage against larger employers with greater financial flexibility. Additionally, this requirement could contribute to an "auction-style" hiring environment, where businesses must continuously outbid competitors, putting Main Street businesses at a disadvantage.

Beyond wages, hospitality and tourism employers compete based on a variety of benefits, including flexible scheduling, career growth opportunities, and additional incentives that vary by position and location. LD 54 narrowly focuses on wage transparency while not accounting for the broader value proposition that businesses use to attract and retain workers.

We also find the record-keeping requirement to be an unnecessary administrative burden. Employers are already required to maintain payroll records in compliance with existing state and federal laws, ensuring transparency and accountability. Adding another layer of mandated record retention increases operational costs for small businesses without providing clear benefits.

Given these concerns, we urge you to oppose LD 54. We believe that businesses should retain the autonomy to implement hiring and compensation practices that best suit their operations, employees, and financial realities. A thriving hospitality and tourism sector is critical to Maine's economy, and overregulation in this area will create unintended consequences that hinder job creation and business sustainability.

Thank you for your time and consideration. I would be happy to answer any questions.