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February 5, 2025

Senator Mike Tipping, Chair Representative Amy Roeder, Chair Members of the Labor Committee

RE: Testimony in OPPOSITION to LD 54, An Act to Require Employers to Disclose Pay Ranges and Maintain Records of Employees' Pay Histories

Dear Senator Tipping, Representative Roeder and members of the Labor Committee:

The Maine Grocers & Food Producers Association and the Retail Association of Maine are providing joint testimony on *LD 54, An Act to Require Employers to Disclose Pay Ranges and Maintain Records of Employees' Pay Histories*. Our business trade associations represent Main Street businesses including independently owned and operated grocery stores and supermarkets, general merchandise and specialty retailers, convenience stores, distributors, and supporting partners — together representing more than 450 members statewide. Maine's retail sector employs more than 85,000 Mainers.

While I appreciate the intent behind this proposal—to promote pay transparency and equity—I believe that this legislation presents significant challenges for businesses, particularly small and mid-sized employers, and could have unintended negative consequences for both employers and employees alike.

The proposed requirement for employers to disclose pay ranges in job postings and maintain detailed employee pay history records for the duration of employment and three years post-employment creates a substantial administrative burden. Small businesses, which often lack dedicated human resource departments, would be disproportionately impacted by these requirements. The added paperwork, record-keeping obligations, and potential liability for minor discrepancies would discourage business growth and job creation.

Additionally, policies with arbitrary thresholds of 10 or 15 employees create confusion for small businesses. Employers may struggle to determine when they have surpassed a given threshold and what new regulations they must adhere to. This complexity could lead to unintentional noncompliance, particularly for businesses focused on managing daily operations such as staffing, procurement, and customer service.

Mandating the disclosure of a set pay range limits an employer's ability to tailor compensation based on an applicant's skills, experience, and market conditions. Many businesses operate in dynamic environments where pay is influenced by various factors, including an applicant's unique qualifications and negotiation skills. This rigid framework could deter employers from making competitive offers and could result in potential employees being boxed into predefined pay brackets that do not reflect their true earning potential.

Furthermore, what qualifies as "any posting" remains unclear. Would a starting wage or hourly rate suffice for job postings such as door signs, hiring yard banners, or digital ads? If a pay range is required, it should only apply where detailed job descriptions are also specified.

Public disclosure of pay ranges and access to historical pay data could create tension among employees, particularly if pay variations exist due to merit-based increases, tenure, or other legitimate factors. This could lead to workplace dissatisfaction and internal disputes, ultimately harming productivity and morale rather than fostering an equitable work environment.

By mandating strict compliance with record-keeping and pay disclosure requirements, this legislation opens the door for increased litigation against employers. Ambiguities in defining "range of pay" and ensuring records are maintained accurately could lead to disputes, further burdening businesses with legal fees and compliance costs.

Additionally, the intent behind the record-keeping requirement remains unclear. If the goal is to provide historical salary details for the requesting employee, businesses should not be burdened with unnecessary mandates. While payroll data may contain this information, imposing additional administrative duties adds another layer of complexity that could be avoided.

Maine has already made progress in salary transparency by prohibiting employers from asking about salary/wage history and allowing employees to discuss their pay with coworkers. Moreover, in today's competitive job market, employers are voluntarily using pay transparency as a recruitment tool. This suggests that market forces are already driving positive change without the need for additional regulation.

If the legislature wishes to pursue this further, we strongly urge that the policy be kept simple, universal, and available upon request rather than through mandated job postings or extensive record-keeping requirements.

While the goal of pay transparency is commendable, this bill imposes significant and unnecessary burdens on employers, reduces flexibility in hiring and compensation, creates competitive disadvantages for Maine businesses, and risks negative impacts on employee morale. Rather than implementing a rigid, one-size-fits-all mandate, I encourage the committee to consider alternative approaches that promote fair pay while preserving the ability of businesses to operate efficiently and competitively.

Thank you for the opportunity to provide testimony.

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