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**Testimony of Dillon Murray,
Legislative Liaison, Maine Department of Labor
In Opposition to
LD 206, An Act to Protect Maine Businesses by Eliminating the Automatic
Cost-of-living Adjustment to the Minimum Hourly Wage
To the Joint Standing Committee on Labor
Hearing, March 25, 2025**

Good afternoon Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor. My name is Dillon Murray, Legislative Liaison for the Maine Department of Labor (Department). I am here today to speak on behalf of the Department in respectful opposition to LD 206, "LD 206, An Act to Protect Maine Businesses by Eliminating the Automatic Cost-of-living Adjustment to the Minimum Hourly Wage."

This bill proposes to set Maine's minimum wage at its current level, \$14.65 per hour, as of January 1, 2025, and removes the existing statutory provision that requires an annual cost-of-living adjustment (COLA) based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Northeast Region. Currently, under Title 26, section 664, subsection 1, Maine's minimum wage is adjusted annually to keep pace with inflation, ensuring that wages maintain their purchasing power over time. LD 206 would eliminate this automatic adjustment, meaning that unless the Legislature takes separate action in future years, Maine's minimum wage would remain stagnant at \$14.65 per hour regardless of inflationary pressures.

According to Title 26, section 661, "It is the declared public policy of the State of Maine that workers employed in any occupation should receive wages sufficient to provide adequate maintenance and to protect their health, and to be fairly commensurate with the value of the services rendered." The existing statutory framework reflects this principle by ensuring that minimum wage increases align with cost-of-living changes, preventing wage stagnation and ensuring that Maine's lowest-paid workers can continue to afford basic necessities.

In 2016, Maine voters approved a referendum to gradually increase the state's minimum wage and establish the current annual cost-of-living adjustment mechanism. This system was designed to provide predictability for employers and workers alike, avoiding the need for frequent legislative debates over wage levels and ensuring that the purchasing power of low-wage workers is preserved.

The Maine Department of Labor believes that the current system is reasonable and is working well for both Maine workers and the regulated community in general. The automatic COLA adjustment ensures that wages do not erode over time due to inflation, providing stability for employees and employers alike. By contrast, removing this adjustment, as proposed in LD 206, could result in real wage declines for minimum-wage workers, making it harder for them to meet basic living expenses and potentially increasing reliance on public assistance programs.

For these reasons, the Maine Department of Labor opposes LD 206 and supports the continuation of the existing minimum wage framework as approved by Maine voters in 2016.

Thank you for your time and attention. I would be happy to answer any questions you may have now or at a future work session.

The Maine Department of Labor is committed to serving Maine workers and businesses by helping employers recruit and train a talented workforce, providing workers with skills needed to compete in our economy, assisting individuals when jobs are lost, aiding people with disabilities reach career goals, ensuring safe and fair workplaces for people on the job and providing research and analysis of employment data to support job growth.