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Testimony of Nate Cloutier

Before the Joint Standing Committee on Labor
March 25, 2025

In Opposition to LD 853, *"An Act to Replace the Minimum Hourly Wage with a Regionally Based Minimum Wage"*

Senator Tipping, Representative Roeder, and distinguished members of the Joint Standing Committee on Labor, my name is Nate Cloutier, and I am here today on behalf of HospitalityMaine, representing Maine's restaurant and lodging industries. I am also testifying on behalf of the Maine Tourism Association (MTA). MTA has been promoting Maine and supporting members in every type of tourism business, such as lodging, restaurants, camps, campgrounds, retail, guides, tour operators, amusements, and historical and cultural attractions for over 100 years. HospitalityMaine and the Maine Tourism Association oppose LD 853, *"An Act to Replace the Minimum Hourly Wage with a Regionally Based Minimum Wage."*

LD 853 would replace the existing State minimum wage law with a regional living wage beginning January 1, 2026, according to data provided by the Massachusetts Institute of Technology (MIT) Living Wage Calculator, by dividing the state into regions based on counties.

Maine's hospitality and tourism industries have been challenged by rising food and labor costs over the past five years and will encounter even greater uncertainty if faced with a rapid and substantial wage increase.

Abrupt, large-scale minimum wage increases can lead to unintended consequences for industries operating on thin margins. For example, in Seattle, businesses have been voicing concerns over the recent increase in the minimum wage to \$20.76 per hour. Numerous small restaurants and hospitality establishments report reducing employee hours, delaying hiring, or relying on increased automation to offset higher labor expenses. Businesses in San Francisco have reported similar outcomes. These examples serve as a cautionary tale: rapid increases, even when well-intentioned,

can inadvertently undermine the very economic stability they seek to support.

In Maine, a sudden transition from a minimum wage of \$14.65 to a significantly higher rate within a short period would likely compound these challenges. Many businesses in our sector depend on predictable labor costs to maintain service quality and manage seasonal fluctuations in revenue. An immediate and substantial increase in wage costs could force operators to make difficult decisions—such as reducing staffing levels or raising prices—that risk harming the guest experience and diminishing Maine’s tourism appeal.

Maine is currently in the minority of states that allow for annual cost-of-living (COLA) increases, and our state already has one of the highest statewide minimum wages in the nation. Portland and Rockland have even higher wage rates, and certain municipalities routinely propose increases of 30% or more at a time, despite these COLA adjustments. These upward pressures already challenge businesses, and the abrupt jump proposed by LD 853 would only intensify economic burdens across vital sectors.

Recent news of restaurant closures, along with anxiety among hospitality and tourism businesses about future travel after a decline in visitors last year, underscores the fragile state of our industry. We believe that LD 853 could have profound negative economic impacts across Maine’s hospitality and tourism sectors.

For these reasons, we respectfully urge you to oppose LD 853. Thank you for your time and consideration, and I would be happy to answer any questions you may have.