



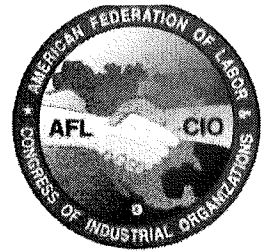
MAINE AFL-CIO

A Union of Unions Standing for Maine Workers

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Testimony of Adam Goode, Maine AFL-CIO Legislative & Political Director, In Support of LD 1587, “An Act to Establish Greater Alignment of Penalties for Certain Labor Law Violations”

Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor, my name is Adam Goode. I’m the Legislative and Political Director of the Maine AFL-CIO. We represent 40,000 working people in the state of Maine. We work to improve the lives and working conditions of our members and all working people. We testify in support of LD 1587.

We are strongly in support of the intent of this bill. Having strong penalties for violating labor laws serves as a deterrent, preventing exploitation of workers. Effective enforcement of labor laws helps ensure that companies who violate labor laws are held accountable.

While there are many types of labor violations, one of the most typical is wage theft. Wage theft is deeply harmful to working people and it provides an unfair advantage to low road employers over the vast majority of Maine businesses who play by the rules. Failure to pay workers the full wages that they are legally entitled to takes many forms, including but not limited to minimum wage violations, asking employees to work off the clock, denying workers their legal meal breaks and misclassifying workers as independent contractors.

We know that these problems persist in every State, Maine being no different.¹ Nationally, wage theft costs workers hundreds of millions of dollars each year.^{2,3} This happens across industries, but is concentrated in lower wage sectors of the economy. A 2014 study found that nationally nearly 90% of fast-food workers suffered some sort of wage theft on the job.⁴

Based on information provided by the Maine Center for Economic Policy, for the three full years from 2021 to 2023 employers who the Maine Bureau of Labor Standards found to have violated wage and hour laws paid an average penalty of just \$9.61 per violation. Penalties of such a small amount cannot be justified as a sufficient deterrent for an employer tempted to cut corners by exploiting workers.

Codifying the provisions of the federal Fair Labor Standards Act of 1938 into statute and creating a criminal penalty for anyone who intentionally or knowingly violates Maine labor laws is a smart way to make sure we are deterring employers from violating the law. The legal standard to determine whether someone is subject to this penalty is whether they “intentionally or knowingly” violate the law. We want to be crystal clear that there is no scenario where a small business that makes an accidental bookkeeping error would be subject to this

Printed In House with Union Labor

¹James Myall, Maine Center for Economic Policy, *Wage theft costs workers millions. This bill would help workers get what they’re owed* (March 17, 2021)

²Brady Meixell & Ross Eisenbrey, Economic Policy Institute, *An Epidemic of Wage Theft is Costing Workers Hundreds of Millions of Dollars a Year* (Sept. 2014).

³Margaret Poydock and Jiayi (Sonia) Zhang, Economic Policy Institute, *More than \$1.5 billion in stolen wages recovered for workers between 2021 and 2023* (December 20, 2024)

⁴Catherine Ruckelhaus et al, National Employment Law Project, *Who’s the Boss: Restoring Accountability for Labor Standards in Outsourced Work* (May 2014).

crime. While it is extremely rare that someone would do this, it is also a horrible thing to intentionally do and merits the penalties in the bill.

Prosecution of such a crime comes after an investigation, a finding by the Bureau of Labor Standards and the Attorney General's decision to take the case and prosecute. Again, this is a very high bar. We also remind the committee that this already exists in the federal Fair Labor Standards Act. Even though it is rare that the US Department of Labor would pursue such a criminal case, we believe it is an important tool to have. There is a deterrent factor that makes it important to have strong labor laws on the books, and in this case we believe that an employer should know that if they violate labor laws on purpose then they are risking getting criminally prosecuted here in Maine.