

Testimony of Jake Lachance

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Before the Joint Standing Committee on Labor

Sen. Tipping, Rep. Roeder, and members of the Joint Standing Committee on Labor, my name is Jake Lachance, and I am a Government Relations Specialist for the Maine State Chamber of Commerce, which advocates for over 5,000 large and small businesses across the State of Maine.

Today I am submitting testimony regarding the following bills in relation to Paid Family and Medical Leave:

- **SUPPORT:** LD 1169 "An Act Regarding Employer Payments for the Paid Family and Medical Leave Benefits Program"
- **SUPPORT:** LD 1249 "An Act to Delay Payment of Benefits Under the Paid Family and Medical Leave Benefits Program"
- **SUPPORT:** LD 1307 "An Act to Suspend the Remittance Obligation for Paid Family and Medical Leave Private Plan Users"
- **SUPPORT:** LD 1333 "An Act to Make Changes to the Paid Family and Medical Leave Benefits Program"
- **SUPPORT:** LD 1712 "An Act to Amend the Paid Family and Medical Leave Benefits Program to Balance Support of Businesses and Employees"
- **OPPOSITION:** LD 575 "An Act to Ensure Equitable Access to the Paid Family and Medical Leave Benefits Program by Removing the Requirement That Leave Must Be Scheduled to Prevent Undue Hardship on the Employer"
- **NEITHER FOR NOR AGAINST:** LD 894 "An Act to Amend the Laws Governing Paid Family and Medical Leave"

We place particular emphasis on **LD 1712, "An Act to Amend the Paid Family and Medical Leave Benefits Program to Balance Support of Businesses and Employees"**. This legislation represents a critical step forward in making Maine's PFML program more functional and sustainable — especially for small businesses.

LD 1712 proposes several important reforms, including:

- **A clearer definition and standard for "undue hardship,"** empowering small employers — especially seasonal businesses and those with limited staffing — to manage operations when multiple leave requests occur at peak times.

- **A uniform 65% wage replacement rate** simplifies benefit administration and helps ensure the fund's fiscal stability.
- **A reasonable 15- or 30-day filing deadline** depending on the type of leave, which helps businesses plan and backfill positions more effectively.
- **Clarification of payroll premium obligations**, including allowing—but not requiring—employers to pay more than the employee's portion and affirming that premium deductions do not require bargaining.
- **A fair, capped penalty structure** with departmental discretion, replacing the rigid and potentially devastating penalties that currently exist.
- **Inclusion of state tax withholding options for benefits**, which aligns the program with tax expectations and improves transparency for employees.

Most notably, LD 1712 embodies the type of **collaborative policymaking** that businesses want to see—responsive, informed, and practical. These changes do not undermine the core of the program but instead help ensure that it will be implemented in a way that works for both employers and employees. We appreciate the bipartisan support for the legislation and believe this would improve the program that works for employees, employers, and the Maine economy.

Support for Additional Pragmatic Reforms

We also support **LD 1249**, which would delay the launch of benefits to **July 1, 2027**, and claims processing to **November 1, 2027**. This delay gives the Department of Labor the time it needs to ensure successful administration and allows businesses to better prepare for compliance. Specifically, the delay would allow a review of an actuarial assessment of Maine's law to provide a better understanding of the long-term sustainability of the program.

LD 1169 and **LD 1307** deal with fairness for employers offering private plans. These bills ensure that:

- Employers who already have equivalent or superior private plans in place as of January 1, 2025, can **receive a full refund of any premiums paid** (LD 1169).
- The Chamber fully endorses Senator Bradstreet's amendment to LD 1307, which ensures timely refund of premium payments made under existing DOL regulations. The regulations require payments even for employees covered by private plans, contrary to the plain language of the PFML statute. The bill **properly ensures prompt refund of payments to employers, and to employees who will never benefit from the program**.

These are commonsense proposals that uphold the Legislature's original goal of allowing private plan opt-outs while avoiding financial penalties for proactive employers.

Lastly, **LD 1333** contains numerous adjustments to improve clarity and flexibility in program implementation. These include:

- Requiring a 120-day employment period before accessing leave.

- Allowing review of intermittent leave patterns to curb abuse.
- Limiting penalties and adjusting deadlines to be more realistic and business friendly.

These changes may seem technical, but together they reduce unnecessary burdens and confusion, especially for small employers without full HR departments.

Opposition to LD 575

LD 575 proposes to eliminate the "undue hardship" standard as a scheduling consideration under Maine's Paid Family and Medical Leave (PFML) program. This change would strip away the only statutory protection currently afforded to Maine's small businesses under this law.

Small businesses across Maine already face chronic staffing shortages. There are many employers, especially in rural areas, who are operating with a skeletal staff and cannot absorb unplanned or prolonged employee absences without significant disruption. We have heard from many small business owners who have personally stepped in to clean bathrooms, stock shelves, or run front-of-house operations due to a lack of staff. Removing the undue hardship provision would make this precarious situation even more untenable by removing the only mechanism employers have to balance employee leave with the ability to operate their business.

This provision was not just a policy detail; it was a pragmatic safeguard for the survival of small businesses within the framework of PFML. Stripping it away tilts the balance too far and imposes disproportionate burdens on small employers who simply do not have the personnel flexibility or financial reserves to manage uncoordinated absences.

Neither for nor Against LD 894

LD 894 introduces a series of changes to the PFML program, some administrative in nature, which we support, but others impose significant new liabilities and enforcement mechanisms on employers—particularly Sections 3, 4, and 5. We would encourage the Committee to eliminate the additional enforcement activity sections. The specific provisions include the following:

Section 3: Collection Enforcement

Section 3 authorizes the Department of Labor to pursue delinquent PFML premium payments through civil actions or levies against third parties that hold property connected to an employer. This is a dramatic expansion of enforcement power that mirrors tax collection practices, and it is excessive in the context of a brand-new benefit system that employers are still trying to understand and comply with.

We are concerned this provision allows the Department to bypass more collaborative remedies in favor of punitive actions that could threaten business liquidity, damage third-party relationships (e.g., with vendors or banks), and inject legal uncertainty into the PFML administration process.

Section 4: Successor Liability

Section 4 goes even further by imposing liability for unpaid PFML premiums, penalties, and assessments on successor businesses that acquire an employer's operations or assets. While the language does cap liability at the value of the acquired business, this provision will discourage business

transfers, complicated succession planning, and potentially derail otherwise viable sales — particularly among small family-run businesses.

This creates risk not just for sellers but also for potential buyers who would now need to perform complex due diligence just to understand if a PFML debt could follow the acquisition. The provision is especially problematic because PFML is a new program with untested processes, ambiguous reporting standards, and limited experience among employers.

Section 5: Disproportionate Penalties for Private Plan Lapses

This section imposes a penalty of 1% of an employer's payroll in addition to back premiums if a lapse in a private plan occurs. While we support accountability, this fine structure is disproportionate, especially in cases where a lapse may occur due to administrative oversight or miscommunication with insurers. Penalizing employers who proactively pursue a private plan alternative sends the wrong message and could discourage flexibility and innovation in how benefits are delivered.

The Chamber continues to support a workable PFML program, but that requires balance. LD 575 removes essential flexibility from the law, and LD 894 introduces unnecessarily punitive enforcement measures that will further burden Maine's employers. We respectfully urge this Committee to oppose both bills and to continue working with stakeholders toward pragmatic, equitable implementation of the PFML program.

A Call for Collaborative Reform

The Maine State Chamber of Commerce supports the goals of paid family and medical leave. We believe these bills, especially LD 1712, offer a path forward that supports both the workforce and the business community.

These are not partisan proposals—they are **pragmatic fixes** that emerged from sustained conversations with Maine employers, many of whom have expressed concern about the implementation and sustainability of the current law. We urge the Committee to adopt these proposals and reaffirm Maine's commitment to policies that promote economic stability, worker well-being, and mutual respect between government and employers.

Thank you for the opportunity to testify, and we welcome continued collaboration as these bills move through the legislative process.