



May 16, 2021

To: Sen. Heather Sanborn and Rep. Denise Tepler, co-chairs
Members, Committee on Health Coverage, Insurance & Financial Services

From: David R. Clough – Maine State Director

Re: LD 1622 -- An Act To Promote Individual Retirement Savings through a Public-Private Partnership

This statement in opposition to LD 1622 is on behalf of the nearly 3,000 small business owners in Maine who are members of the National Federation of Independent Business. Member businesses are located throughout Maine and collectively span a wide range of economic activities. The typical member employers fewer than 10 workers.

LD 1622 establishes a program for individual employees to participate in a state-sponsored retirement savings plan. As proposed, the legislation would:

- Apply to all private sector employers with 5 or more covered employees and that have been in business for at least two consecutive years.
- Require covered employers to offer the Maine Retirement Savings Program to all covered employees who do not have access to a qualified retirement plan through their employers.

NFIB Maine members were balloted for their views and expressed strong opposition to the mandatory offer:

Do you support legislation requiring Maine employers who do not offer an employer-sponsored retirement plan to offer a state-sponsored retirement account for their employees?

84.19% - NO 9.83% - Yes 5.98% - Undecided

We appreciate that Senator Vitelli has excluded employers with 1-4 employees and also excluded covered employers that have not yet been in business for two years. However, for the many small businesses that employ 5 or more employees, the concern is over increased obligations for those small employers to process paperwork, arrange for payroll deductions, timely file required reports, and comply with other tasks that may be imposed by the Maine Retirement Savings Board. There are uncompensated costs associated with those activities as well as time demands that may particularly complicate the busy days of the many small business owners who do not have human resource staff or the unknown number of small businesses that do not utilize payroll services of outside vendors.

The smaller the business, the more likely that the owner handles a variety of administrative and employment duties along with handling many other aspects of operating a successful small business. New obligations may seem minor to outside observers but with limited resources in a small business, new obligations may increase the stress of being an employer and increase the risk of making errors.

With very little information from other states as a guide – only a few have adopted the so-called “auto-IRAs” – we urge further consideration of what works, what doesn’t and why so many states have opted against what is being proposed in LD 1622 before going forward now with the legislation. Thank you.