



Testimony in Opposition to LD 54: An Act to Require Employers to Disclose Pay Ranges and Maintain Records of Employees' Pay Histories

Senator Tipping, Representative Roeder, and the distinguished members of the Committee on Labor, my name is Harris Van Pate, and I serve as policy analyst for Maine Policy Institute. We are a free market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to testify in favor of LD 54, “An Act to Require Employers to Disclose Pay Ranges and Maintain Records of Employees' Pay Histories.”

This proposal represents another well-intentioned but deeply flawed intervention into the labor market that risks harming Maine's businesses and employees alike.

The Burden on Small Businesses

Small businesses are the backbone of Maine’s economy, comprising 99% of all businesses in the state.¹ Less than 20% of Maine small businesses are exempted from this highly burdensome proposal. LD 54 would impose yet another layer of regulatory compliance, requiring employers to create and maintain extensive records of pay histories and disclose salary ranges for every job posting. These mandates will disproportionately affect small employers who lack the administrative resources to comply.

Furthermore, recordkeeping requirements may expose businesses to undue legal risks. Even an unintentional mistake in maintaining records could result in significant penalties, potentially forcing businesses to curtail hiring or even close their doors.

Negative Impact on Job Creation and Wage Growth

This legislation could inadvertently harm job seekers. Mandating salary range disclosures may discourage employers from negotiating competitive offers, leading to rigid compensation practices. Employers may set pay bands conservatively to avoid future liability, which could suppress wage growth. Additionally, these requirements may deter some businesses from expanding in Maine, putting the state at a competitive disadvantage.

Evidence from other states that have enacted similar laws, such as Colorado, reveals the unintended consequences. A recent report from the Colorado Chamber of Commerce found that mandatory pay transparency laws caused companies to limit their hiring

¹ <https://advocacy.sba.gov/wp-content/uploads/2023/11/2023-Small-Business-Economic-Profile-ME.pdf>



activities within the state, shifting opportunities to jurisdictions without such restrictive mandates.²

The Case for Free-Market Flexibility

The best way to ensure fair pay is not through government mandates but by fostering a competitive labor market where employers compete for talent. Workers in Maine deserve the opportunity to negotiate their compensation based on skills, experience, and market conditions—not constrained by rigid government-imposed requirements.

Moreover, Maine employers are already incentivized to offer fair and competitive wages to attract and retain skilled workers, particularly in a tight labor market. LD 54 would replace these organic dynamics with bureaucratic oversight.

Alternative Approaches to Promoting Pay Equity

Rather than imposing costly mandates on Maine businesses, policymakers should consider alternative strategies that empower workers and promote pay equity, such as encouraging competition in the market to disincentivize deceptive practices or incentivize transparency, rather than mandate it.

Conclusion

LD 54, while well-intended, would impose significant costs on Maine’s small businesses, hinder job creation, and reduce flexibility in the labor market. We urge the committee to oppose this bill and instead focus on solutions that empower workers and promote economic opportunity without increasing the regulatory burden on Maine businesses.

For these reasons, the Maine Policy Institute strongly urges this committee to vote “Ought not to Pass” on LD 54. Thank you for your time and consideration.

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<https://cochamber.com/2023/01/12/new-report-highlights-colorados-major-competitive-challenges-affordability-and-regulations/>