



## **Testimony in Opposition to LD 799: "An Act to Report Gender Wage Gaps"**

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. Maine Policy is 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 opposition to LD 799, "An Act to Report Gender Wage Gaps."

While well-intentioned, LD 799 imposes a misguided and unnecessary burden on employers, fails to account for legitimate economic factors influencing earnings, and risks distorting workplace policies to prioritize optics over productivity. Maine should reject this ill-advised mandate and instead foster policies that promote economic freedom and reward individual merit.

### **A Misguided and Overreaching Policy**

LD 799 applies to any employer with just one Maine-based employee but at least 250 employees nationwide, requiring them to annually report detailed salary data for all employees—even those outside Maine. This extraterritorial reach unfairly burdens businesses, particularly those with small Maine operations but large national footprints.

Moreover, forcing employers to categorize employees as "male," "female," or "nonbinary" for salary comparison assumes a false homogeneity in these categories. Pay differences result from a complex interplay of factors, not discrimination.

### **Ignoring Productivity and Market Realities**

The premise behind LD 799 relies on a flawed understanding of wage disparities. Research demonstrates that once job title, industry, experience, and hours worked are accounted for, the oft-cited gender pay gap largely disappears. As of 2024, the national pay gap, after accounting for job title and compensable factors, was only one percent.<sup>1</sup> Other reasons contextualize and undermine the concerns that originated this bill.

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<sup>1</sup> <https://www.payscale.com/research-and-insights/gender-pay-gap/>



For instance:

- **Hours worked per week:** According to the National Institute of Health, men work an average of 42 minutes more per week in overtime than women, significantly influencing wage comparisons.<sup>2</sup>
- **Occupational and industry differences:** Men and women often self-select into different fields and roles that have varied compensation structures.<sup>3</sup>
- **Maine's gender pay gap is among the lowest in the nation:** Data shows that Maine's unadjusted pay gap is 11% smaller than the national average, making this bill even less necessary in our state.<sup>4</sup> Adding this to the small size of the adjusted national pay gap, Maine's pay gap may be effectively nonexistent.

LD 799 presumes that wage differences result from employer bias rather than individual choices and productivity variations. This is not supported by economic evidence.

### **Creating Harmful Workplace Incentives**

By forcing employers to report median wages by gender, LD 799 pressures businesses to equalize wages at the expense of performance-based pay. Instead of rewarding employees based on merit and productivity, employers may feel compelled to artificially adjust salaries to avoid the false appearance of a gender wage gap, distorting compensation structures and potentially harming workplace morale.

Furthermore, this bill could deter businesses from expanding in Maine due to the administrative and legal risks associated with compliance. Such burdens discourage investment and job creation, ultimately hurting Maine workers.

### **Conclusion**

LD 799 is a solution in search of a problem. Maine already boasts a lower-than-average gender wage gap and national data demonstrate that earnings disparities are driven by individual choices, experience, and industry trends—not systemic discrimination.

This bill imposes costly and intrusive mandates on employers, fosters misleading conclusions about workplace compensation, and threatens to distort market incentives. Instead of advancing economic opportunity, it would create unnecessary compliance burdens that could drive businesses away from Maine. For these reasons, I strongly urge this committee to reject LD 799. Thank you for your time and consideration.

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<sup>2</sup> <https://www.payscale.com/research-and-insights/gender-pay-gap/>

<sup>3</sup> <https://www.hrdive.com/news/glassdoor-men-more-likely-than-women-to-go-after-high-paying-jobs/551502/>

<sup>4</sup> <https://www.usnews.com/news/best-states/articles/states-with-biggest-gender-wage-gaps>