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**RETAIL  
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March 25<sup>th</sup>, 2025

Senator Mike Tipping, Chair  
Representative Amy Roeder, Chair  
Members of the Labor Committee

**RE: Testimony in SUPPORT LD 206 ‘An Act to Protect Maine Businesses by Eliminating the Automatic Cost-of-living Adjustment to the Minimum Hourly Wage’**

Dear Senator Tipping, Representative Roeder, and members of the Labor Committee:

The Maine Grocers & Food Producers Association and the Retail Association of Maine are jointly supportive of LD 206 ‘An Act to Protect Maine Businesses by Eliminating the Automatic Cost-of-living Adjustment to the Minimum Hourly Wage’. Our business trade associations represent Main Street businesses including independently owned and operated grocery stores and supermarkets, general merchandise retailers, and convenience stores, distributors and supporting partners — together representing more than 450 members statewide. Maine’s retail sector employs more than 85,000 Mainers.

We support LD 206 to provide predictability for our business members. The rapidly rising costs of running a business are undeniable. Wages, electricity and fuel, licensing, insurance premiums, the cost of goods, and the newly implemented Paid Family and Medical Leave tax, all add to the challenge of operating a business here in Maine.

When businesses are forced to allocate more funds to minimum wage earners, they often need to cut costs elsewhere. This can mean reduced hours for employees, fewer job opportunities, or increased automation to offset labor expenses. Over the last two years, managing inventory, inflation and demand has compressed stores’ margins. The changes that our grocers, markets and producers have had to make to remain viable are real. To adjust to the most recent incremental increases businesses have reported “that they have reduced staff hours, stopped paying weekend premium pay, reduced the number of paid days off, raised prices, stopped and or reduced offering paid dental, short-term and long-term disability insurance, life insurance, and have had to stop capital improvements.” Services such as floor care, weekly sales flyers, advertising, donations, repairs, and any other costs are now regularly evaluated, impacting the finances of other businesses and their communities.

Independent grocers work within very tight profit margins to stay in business, approximately 1-2% annually. Any increases in costs can have a significant impact on a grocery store's viability. Increasing the minimum wage causes independent supermarkets to accelerate the pace of automation at checkout and backroom inventory management, leaving Mainers without jobs. In a recent conversation with one of our members, they noted that they recently priced out adding self-checkout registers at their stores. They determined that it will cost them approximately \$40,000 per self-checkout kiosk. Installing one of these registers will pay for itself in labor wages alone in less than two years. We question why the state is continuing to put businesses in a place where they must consider replacing their staff with automated checkouts in an effort to manage the rising cost of doing business.

As we have said before, the annual indexing doesn't just impact the people making minimum wage, it impacts other staffers who rightly expect similar annual increases. One of the most significant concerns is wage compression. When the minimum wage increases, it places upward pressure on wages at all levels. Employees who have worked for years in a company expect their pay to rise in proportion to maintain their experience and skill differential over entry-level workers. However, many businesses, particularly small and mid-sized ones, cannot afford to increase all wages proportionally. This results in long-term employees feeling undervalued and demoralized, leading to lower retention rates and a decline in institutional knowledge within the workforce.

In Maine's 10-year Economic Development Strategy, it is noted that the best way to increase wages is to increase the value of the products and services that we produce by developing new products. "This can be done through research and development conducted by public, private, and nonprofit agencies; by increasing capital investment and entrepreneurship; and by increasing the skills and education of the workforce." MGfPA & RAM stand supportive of efforts that offer consistency. Maine's 10-year EDS specifically states that a key strategy for ensuring a diverse and sustainable economy is to "maintain a stable business environment." The future is in talent, innovation and developing infrastructure not continuing to raise the minimum wage.

We must be cautious of the economic cycles and put tactics in place to add security for our state's staple businesses. We encourage policymakers to consider alternative approaches that balance the needs of workers and businesses including targeted tax relief and workforce development programs.

Sincerely,



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