



### **Testimony in Support of LD 1307:**

**“An Act to Suspend the Remittance Obligation for Paid Family and Medical Leave Private Plan Users”**

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, nonprofit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to submit testimony in support of LD 1307, “An Act to Suspend the Remittance Obligation for Paid Family and Medical Leave Private Plan Users.”

This legislation represents a common sense and necessary fix to ensure fairness for employers who have proactively secured private paid leave plans that meet or exceed the state’s requirements under Maine’s Paid Family and Medical Leave (PFML) program.

### **Avoiding Duplication and Financial Harm**

Since January 1, 2025, Maine employers have been required to remit payroll premiums to fund the state-run PFML system. Yet, under current Department of Labor rules, employers wishing to opt out by offering a substantially equivalent private plan cannot apply for this exemption until after April 1, 2025. This bureaucratic delay has created a costly and unjust burden: businesses must continue paying into the state fund, even if they already offer qualifying private coverage. In effect, employers are forced to pay twice—once for their employee benefit program, and again for the state’s.

LD 1307 wisely suspends the state’s mandatory premium collection until January 1, 2026, ensuring that no employer is forced to fund two systems simultaneously while awaiting state approval. The bill also directs the Department of Labor to expedite the exemption process and allow premium waivers while an application is pending. This is a crucial measure that protects fairness and fiscal stability for job creators across the state.

### **Respecting Employer Innovation**

Many Maine employers already offer paid leave benefits tailored to the needs of their workforce. These plans often provide more flexible terms, quicker access to benefits, and more efficient administration than a state-run program can. When employers go above and beyond to deliver these benefits voluntarily, they should be recognized, not penalized. LD 1307 supports employer choice and acknowledges the value of private innovation in employee benefits.



## **Reducing Administrative Friction**

The bill also eases administrative burdens for both employers and the Department of Labor. By establishing a clear and timely path for exemption, LD 1307 prevents confusion, reduces the volume of future refund claims, and enhances compliance by removing ambiguity from the early stages of program rollout. This will help ensure smoother implementation overall and reduce the risk of litigation or contested enforcement actions.

## **Conclusion**

LD 1307 provides a vital course correction to protect employers from unfair double payments, reinforce the legitimacy of private benefit plans, and streamline the rollout of a complicated and costly state program. It does not eliminate the PFML program nor prevent employers from participating if they choose. It simply ensures that those who meet or exceed the state's standards through private means are not punished for doing so.

Maine Policy Institute urges the committee to support LD 1307 and recommends it "Ought to Pass." Thank you for your time and consideration.