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MAINE WATER UTILITIES ASSOCIATION
Organized in 1925



February 17, 2026

Honorable Michael Tipping, Senate Chair
Honorable Amy Roeder, House Chair
Joint Legislative Committee on Labor
100 State House Station
Augusta, ME 04333

Re: Testimony in Opposition to LD 2049 An Act to Clarify Indemnification When Seeking Remedy for Labor Law Violations

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

The Maine Water Utilities Association (MWUA) appreciates the opportunity to provide testimony in opposition to LD 2049 as amended by the sponsor's amendment dated February 9, 2026. According to the sponsor's amendment, an owner of a construction project will be jointly and severally liable, along with a contractor and subcontractor, to a subcontractor's employees for any unpaid wages or compensation, including indemnification for damages or compensation owed due to the subcontractor's violation of certain labor laws, unless the violation was due to lack of prompt payment by the owner or contractor to the subcontractor.

Given that water utilities in Maine are frequently the "owner" of numerous multi-million dollar construction projects in the State that are needed to ensure safe, potable drinking water for Maine consumers, we are very concerned that this amendment would make water utilities liable for the activities of subcontractors over which utilities have no control, and further, that the cost of such liability would ultimately flow through to water utility customers in their regular water bills.

About MWUA. MWUA is a nonprofit association based in Augusta that provides support for water works professionals throughout the State of Maine in advocating for safe drinking water through educational and technical programming as well as advocacy on the local, state, and national level. The Association was formed in 1925 and consists of approximately 86 utility and 60 associate members. Maine's water utilities provide service to approximately 700,000 Maine residents, thousands of Maine businesses and public institutions, and millions of visitors to Maine every year.

Discussion. Section 1 of the proposed law is broad and would make an owner of a project, such as a water utility, responsible for payment to employees of a subcontractor of wages, penalties and interest if that subcontractor violated provisions of chapter 15, including the subcontractor's failure to pay wages owed. We certainly understand that the subcontractor itself has and should have liability for such violations. However, project owners do not have direct contractual relationships with subcontractors who are employed by contractors. Rather, the relationship



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between owner and subcontractor is two steps removed, meaning that the project owner has no direct control over a subcontractor's actions; the direct contractual relationship is between the contractor and the subcontractor. In this relationship, the owner does not interfere with the contractor-subcontractor relationship and rightfully expects that relationship to be controlled by the contractor.

This bill would fundamentally change the project owner-subcontractor relationship by introducing the risk of liability to the owner for a subcontractor's failure to compensate their employees for a variety of circumstances. To manage this risk, project owners would need to exercise direct control over subcontractors, and project owners would need to build into contracts the risk of subcontractor malfeasance.

Applied to the context of water utilities, the great majority of whom are quasi-municipal entities, water utilities would need to increase the cost of their construction projects, perhaps through insurance, to take into the account the risk that subcontractors fail to properly compensate their employees. And for those utilities who cannot or do not factor in these risks, the utility could later become directly liable for any unpaid compensation to subcontractor employees.

Finally, it is important to understand that most water utilities are not private employers. Most are quasi-municipal entities that are units of government. So, if a consumer-owned water utility becomes liable for subcontractor employee compensation, the liability ultimately becomes the responsibility of water utility customers who must pay for the liability through higher water rates – because there is no other entity able to absorb or pay for these costs. And even for those water utilities who are privately owned, their liabilities represent the cost of operating the utility, and such costs would ultimately be passed through to customers in rates.

Overall, we believe it is inequitable and unjust to have the ratepayers of a water utility be financially responsible for the actions of subcontractor with regard to their employees when the utility has no direct relationship with the subcontractor and does not have leverage over its actions.

Conclusion. This bill is overbroad and has potential unintended consequences to ratepayers. We respectfully urge the committee to vote LD 2049 ought not to pass.

Thank you for your consideration,



Michael Cummons, Chair
MWUA Legislative & Regulatory Affairs Committee

cc: Roger Crouse, Kennebec Water District. Board Chair, MWUA
MWUA Ed Molleo, Executive Director, MWUA
James I. Cohen, Verrill Dana, LLP, WMUA Legislative Counsel