

**Testimony of
Peter M. Gore
Executive Vice President
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Before the Joint Standing Committee on Labor and Housing
in opposition to
L.D. 616, *An Act Increase Accountability for Wage Violations***

March 15, 2021

Sen. Rafferty, Rep. Sylvester and members of the Joint Standing Committee on Labor and Housing, my name is Peter Gore and I am the Executive Vice President of the Maine State Chamber of Commerce, a statewide business association representing both large and small businesses speaking to you today in opposition to **L.D. 616, *An Act Increase Accountability for Wage Violations***.

This same proposal was introduced during the first session of the 128th Legislature, and again during the 129th as well. In each case we have opposed the bill.

L.D. 616 proposes to increase fines for wage and hour violations significantly, from \$100 to \$500 and a new fine for each subsequent violation up to an additional \$500, not to exceed \$2500 *fine for each subsequent violation*. In addition, the employer would be subject to an additional fine paid to the employee of twice the amount of unpaid wages and attorney's fees.

Employees should be paid, and they should be paid all of what they are due when they are due it. The vast, and I mean vast, number of employers we deal with behave in this manner. But this bill does not delineate between a mistake, and an act of willful maliciousness. Instead, it just drops a 1000lb weight on a small businessperson who, for lack of knowing, may make an honest mistake.

In particular, we are unclear how the "subsequent violation" section would work. For instance, if every paycheck of every employee in the company contained an error of withholding, is the initial mistake subject to the initial \$500 fine, and each subsequent error subject to an additional \$500 or even \$2500 penalty? This bill does not make that clear, but it could certainly be interpreted that way. In addition, last session the committee did not clarify this important point.

The larger issue with this bill is that it somehow implies that employers are constantly doing wrong. Let me be clear – wage theft is wrong. Employers believe that too. And in this employment market – despite the pandemic and all that has happened in the workplace - where good, dependable hardworking employees are critical to a business's success and remain still so hard to find right now, employees are their most valuable resource. Businesses across this state are not

interested in engaging in the kind of egregious behavior this bill seeks to quell, and to do so would only result in the loss of this resource.

In the 128th Legislature, when this issue was first discussed, the decision was made to direct the Department of Labor to gather data to collect specific information in regard to the number, type and frequency of violations of the wage and hour laws of this state. I would urge this committee to request from the department the results of that survey before any action is taken with respect to increasing fines for the type of violation L.D. 616 seeks to remedy. Lastly, I would remind this committee that the last year has been one unlike any other, for employers or their employees. Increasing fines for what very well be inadvertent mistakes on the part of a small business may well be the end of that small business.

As we have in previous sessions, we remain opposed to LD 616. Thank you.