

Senator Hickman, Representative Sylvester and distinguished members of the Joint Committee of Labor and Housing, my name is Greg Dugal and I am here representing Hospitality Maine in opposition to LD 607, An Act To Restore Overtime Protections for Maine Workers.

Unfortunately, this bill is a prime example of the impact that multiple labor bills will have on small and large Maine hospitality businesses in this session. There is no doubt that hospitality businesses have withstood some of the worst economic impacts from the pandemic, lodging revenues off 35% and restaurants off 25%. It will take years to recover and pay off the accumulated debt brought on by the virus and the economic devastation left in its wake. Where are small businesses going to find the resources to pay the over 50% increase in labor costs as it relates to salaries or additional overtime?

Frankly, we believe that this bill is unreasonable. The increases that were part of the 4 year ramp up of the minimum wage referendum (based in the current statute of 3000 times the new minimum wage) have now gone into effect and are being adjusted annually by the Consumer Price Index (CPI) as was voted on by the people of the State of Maine in a citizen initiative. The threshold for salary reached \$36,000 in 2020 and is currently \$36,450 without this new bill and then would be adjusted for inflation each year thereafter, which does seem reasonable. From when the referendum language was first introduced into statute in 2017 until this proposed statute's increases would end its 4 year escalation, salary levels would have increased by 132%.

The Federal level for salary is \$35,308 and Maine's salary level will always be greater with the annual increases already provided for in our statute. We are one of a handful of states with salary minimums and of those that do Maine would be at the highest levels. Remember this Federal salary minimum has to cover all geographic areas of the United States, from the rural areas of Wyoming to the cities of the East Coast, much like our wage has to be fair to employers and salaried employees from the rural areas of Aroostook and Washington Counties to the cities of Cumberland County.

In our industry, salary levels for new and less experienced managers currently average in a range of \$36,450 to \$38,000 in 2nd district communities and \$38,000 to \$42,000 in 1st district communities so a minimum salary threshold of \$36,450 plus yearly CPI adjustments seems like a reasonable level for a statewide benchmark.

Increases in costs for labor, which constitutes about 40% of the cost of operations for most hospitality businesses have been staggering. As of January 1, 2021, for those with full service food operations we are looking at just over a 60% wage increase for their tipped employees, just over a 60% increase in the minimum wage, which drives most businesses' base wages, not to mention additional potential costs for earned paid leave, covid related expenses and health insurance increases. There are a finite number of resources and we believe that we are fast approaching that business survivability threshold. Please give us a much deserved break and vote LD 607 out ought not to pass.

Gregory Dugal
HospitalityMaine

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