

MAINE BANKERS

Association

Senator Hickman, Senate Chair
Representative Sylvester, House Chair
Members of the Committee on Labor and Housing
Submitted via On-Line Legislative Testimony Submission System

Re: Testimony in Opposition to LD 607 *An Act to Restore Overtime Protections for Maine Workers*

Dear Senator Hickman and Representative Sylvester,

I write to you on behalf of the Maine Bankers Association (MBA) in opposition to LD 607. The Maine Bankers Association consists of 28 member banks that collectively employ over 9,000 Mainers, providing good careers and benefits to Maine citizens.

Maine already provides a trigger to the monetary dividing line separating hourly/non-exempt and salaried/exempt because it is tied to changes in Maine's minimum wage with a threshold that is 3,000 times the state's minimum wage. While the federal threshold is currently set at the newly established threshold of \$35,568, Maine's threshold has climbed to its current level of \$36,450 – again, tied to the most recent increase in the minimum wage as indexed by changes to the Consumer Price Index (CPI) effective on January 1, 2021 when Maine's minimum wage increased by an additional 15 cents to \$12.15 an hour.

There are numerous wage-related bills before the Legislature this session, including this bill. We respectfully request that this Committee and the Legislature review wage bills in their entirety to ensure that there are no unintended consequences to Maine's employees, consumers, employers, or the economy including:

- (1) Reduced wages and benefits for employees if they are reassigned to an hourly position by their employer. Management may have no choice but to reassign an employee to an hourly position, resulting in a reduced salary and benefits for that employee. Some of the benefits could include private health insurance, 401Ks, additional paid time off (PTO) and flexible scheduling.
- (2) Increased cost to consumers if an employer feels they must raise the cost of goods or services to continue to operate. Please remember that the employers impacted by these wage laws operate for-profit or not-for-profit organizations, government entities and businesses.

- (3) Force businesses or non-profit organizations to shut down their operation or relocate if they feel market conditions will not allow them to pass the additional salary cost along to their customers/clients.
- (4) Prevent new businesses from being created in Maine or limit or eliminate expansion plans for current businesses already in the state.

LD 607 may force employers to move some salaried employees back to hourly status, and with that comes a host of unforeseen consequences for both the business and their employees. These include a loss of flexibility in their schedules, lost career opportunities and potential job loss. In addition, passage of LD 607 will make Maine's overtime threshold one of the highest in the nation and could incentivize businesses to consider expanding in another state where labor costs and tax climates may be more favorable for investing in jobs.

Thank you for the opportunity to submit testimony in opposition to this very important issue. Please feel free to contact me if you have any additional questions regarding LD 607.

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