

**TO:** Members of the Joint Committee on Labor and Housing

**FROM:** Peggy L. McGehee, Esq. and Brandon J. Mazer, Esq. on behalf of Anchorage Inn

**DATE:** March 22, 2021

**RE:** Opposition to LD 607

---

This Firm represents the Anchorage Inn and its owner Raymond Ramsey. We write today in strong opposition to LD 607 (*An Act to Restore Overtime Protections for Maine Workers*).

The Anchorage Inn is located in York Beach, Maine and has been owned and operated by Mr. Ramsey and his family since 1963, with his daughters (the third generation) helping to manage the current business. The Inn features over 200 rooms and suites, 2 outdoor and 2 indoor swimming pools, and an oceanfront restaurant. During peak season the Anchorage Inn employs nearly 200 people.

As we all are acutely aware, the COVID-19 pandemic has affected the Maine economy greatly, especially the hospitality industry. The Anchorage Inn is no exception. The Inn lost over 40% in revenue last year, due not only to cancelled reservations, but also the strict lockdown and quarantine requirements that were put in place by the State. It is going to take time for Maine's hospitality industry, and their investors and owners, to recover financially. A nearly 17% increase in the minimum salary effective in less than a year and a 50% increase within three years (assuming no increase in the minimum wage as well) could have a devastating effect on an industry that is just now hoping to get back on its feet.

Additionally, and despite the catastrophic losses in revenue to the industry, hospitality businesses have had to take on the increased costs associated with the State increasing the index of employee wages and the required paid time off to all employees, regardless of length of employment. The implementation of both of these policies, despite the pandemic, were not delayed.

It is important for the Committee to keep the State's Strategic Plan in mind as it deliberates this bill. Although the plan was published in November 2019, prior to the pandemic and the resulting financial struggles, the Strategic Plan, even then, recognized "tourism and hospitality" as "crucial to Maine's economy."

This bill will have a chilling effect on employees in the hospitality industry. Salaried employees in the hospitality industry have the stability of the same pay week to week regardless of the

seasonal variability of the business. If employees are deemed hourly, which this bill intends to do, the stability of that consistent sum week over week will disappear with employees having smaller paychecks during slower times due to less hours worked. While it may be true that during busier times an employee's weekly pay may be larger, we believe in totality that employee will make less over the course of the year. This will also cause employers to take on the added burden of controlling additional overtime costs which could lead to unexpected layoffs to absorb the increase in either salary or overtime.

Customer service is also a great concern of ours, and the potential negative effect that this bill could have on a tourist's experience at a hotel or restaurant. Typically, salaried employees are responding to emails, texts and other correspondence from guests and customers at different times of the day and from a variety of locations. If those employees are deemed hourly, we could not rely on those team members to interact with our customers outside the four walls of the Inn, while maybe at a child's soccer game or doctor's appointment. This change in procedure will increase the burden on employers focused on record keeping and management of hours rather than focusing on satisfying customers. If tourists do not have a positive experience, they will go elsewhere.

The hospitality industry, especially in southern Maine, is extremely competitive. It will be inevitable that these added overhead costs will get passed on to guests of a hotel or restaurant making these businesses less competitive with bordering states with cheaper rates, such as New Hampshire and Massachusetts. This matter should be left to the Federal government to ensure that all businesses are on an equal playing field; rather than the State Legislature putting the industry at a significant disadvantage.

Finally, it is also our understanding that this bill and a similar bill that was proposed during the 129<sup>th</sup> Legislature (LD 402) do not recognize bonuses and commissions as part of the total salary. Both of these incentives are imperative to many businesses as a way to promote increased sales and growth among its employees. If this bill were to move forward, we request that it be clear that bonuses and commissions can and should be counted towards the minimum salary.

We would be happy to provide any additional information on behalf of our client about the potential negative impact of this legislation on his and other hospitality businesses.