

**Testimony of  
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On Behalf of the Maine State Chamber of Commerce  
In Opposition to L.D. 1279, An Act To Increase the Minimum Wage**

**April 12, 2021**

Senator Hickman, Representative Sylvester and members of the Joint Standing Committee on Labor, and Housing, good morning, my name is Peter Gore. I am the Executive Vice President at the Maine State Chamber of Commerce, a statewide business association representing both large and small businesses here to speak to you in opposition to **L.D.1279, *An Act To Increase the Minimum Wage***.

The proposal before you today would increase Maine's minimum wage by \$3 an hour, per year, over the next 3 years, giving Maine a minimum wage of \$16 an hour by 2025. Such a change would give Maine the highest state minimum wage in the country. We find this proposal economically unwise at the least, and tone deaf to the plight of Maine's small businesses coming out of a pandemic economy at best.

It is absolutely true that many large employers, as well as employers in more urban areas of our state pay above the minimum wage – in some instances well above. They are doing so because they are looking to attract and recruit employees, and because they are in a financial position that allows them to afford to do so. But not every employer, large or small, can afford a starting wage of \$16 an hour. A state mandate directing them to do so may well result in a loss of other benefits, like health insurance, fewer employees being hired, reduced hours and job elimination. It creates a overall higher cost of doing business in our state, that in turn, makes it harder to attract jobs and opportunities for our citizens.

This is particularly true given that this committee is considering several bills that may well significantly increase the cost of doing business here in Maine. But setting aside all of the typical arguments regarding the impact of increasing the minimum wage, L.D. 1279 ignores the impact on Maine small businesses of the past 12 months brought about by the pandemic.

When we last debated this issue, I wrote in my testimony that the concern in Maine's small business community regarding this state's minimum wage policy had become a real one. Since March

18, 2020, those concerns have become all too real for many who have had to close their doors forever. This is not to say that our minimum wage law alone accounted for business closures. But wage and hour costs are part of the lexicon of business costs that must be accounted for and covered if a small business is going to make a profit and survive. Many of those businesses were on the cusp of survival before the pandemic and its economic devastation hit our state. The loss of an entire business season, or even half a season meant the end for many businesses here. For those that made it through our long winter, the business plan they are formulating is full of unknowns, and based on our conversations, razor thin.

In the most recent Maine Association of Chamber of Commerce Executives (MACCE) business survey, more than 500 businesses participated, representing geographic and economic sectors that encompassed the entire state. While there are many interesting results in this survey, the two most pertinent for this discussion today are the following:

- The overwhelming business need over the next 3-6 months is an Injection of Cash (51.4% of respondents picked this a top-three priority). It was nearly twice as likely to be included by a respondent than any other answer. The next four most popular answers were: Rent/Mortgage Relief (28.7%), Better Insurance Rates (24.8%), More Employees (23.9%) and Lower Utility Rates (21.3%) (Q15)
- The average Maine business says they would need \$65,000 on top of the revenue they are expected to make, to guarantee they will be open 12 months from today (Q12)

Based on the input of more than 500, mostly small businesses, the number one thing they need to *just to survive* – and keep their employees working - is cash, and a not insignificant amount. L.D. 1279 would place even greater pressure on these small businesses, requiring cash outlays they do not have. Clearly, the results could be disastrous.

And it is not only the for-profit employers who face these challenges. Last session, the legislature provided millions of dollars in higher reimbursement rates to nursing homes and adult group homes - because of the increase in the minimum wage. My understanding is there are similar proposals before this legislature for the same reason. I would remind this committee, that is in effect; asking those same small businesses to also pay for the wage increases of someone who they do not employ.

But what are the mom and pop, small, rural, private businesses to do to make up their higher costs? State government tax dollars are not going to bail them out, and they can only raise their prices so high.

Many of the small businesses I spoke with a year ago were afraid. Today, with the lingering effect of the pandemic still hitting many of these same businesses, they are terrified. For many, their successful business models 12 months ago had razor thin margins, with little profit left over. Today there is no margin. Looking ahead, many businesses I have spoken with have made it clear – higher government mandated wages above this year's increase to \$12.15 an hour will continue to result in *significant* economic repercussions. These include cutbacks in the number of hours worked, and job losses combined with higher prices for goods and services, and of course, closure.

Opponents of any attempt to help these small employers will decry this type of talk as hyperbole. Make no mistake; for the businesses I have spoken with it is fact - it is their reality. While

some parts of Maine may be able to support a minimum wage higher than \$12 an hour, there are plenty of other parts of our state than cannot.

I am also certain that opponents of this bill will point to the added spending power of the workers earning higher wages. And that would be true. But it is important to remember that the extra four dollars and fifteen cents an hour a worker received this past January, must come from *somewhere*. In our small business economy, particularly in the rural parts of our state, that *somewhere* is a limited proposition. And do folks really have greater spending power if the items they buy have significantly increased in cost at the same time?

Maine cannot afford to have the highest minimum wage in the nation. LD 1279 would give us this status, and thus we are opposed to this bill. Thank you.