



Testimony in Support of LD 543, “[An Act To Provide That the Minimum Wage Increases by the Cost of Living Every 3 Years](#),” LD 774, “[An Act To Promote Minimum Wage Consistency](#),” and LD 1047, “[An Act To Create an Alternate Minimum Wage Applicable to Student Employees Who Are under 20 Years of Age and to Employees Who Are under 18 Years of Age](#).”

Senator Hickman, Representative Sylvester, and the distinguished members of the Committee on Labor and Housing, my name is Nick Murray and I serve as policy analyst for Maine Policy Institute, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine.

Thank you for the opportunity to testify in support of LD 543, LD 774, and LD 1047 because these bills will help provide greater stability and predictability for Maine’s job creators. These are Mainers who have dealt with substantial hardship over the last year, responding to the immense economic shock of the initial government-ordered shutdowns last spring, and struggling to stay afloat among the myriad additional orders and restrictions imposed since.

By continuing to raise minimum wage and salary rates for Maine employers, the state is unnecessarily inserting itself into the relationship between workers and employers. Excessive wage prohibition has already hurt many Maine businesses, and will continue to do so, especially now that it is pegged to the yearly rate of inflation.

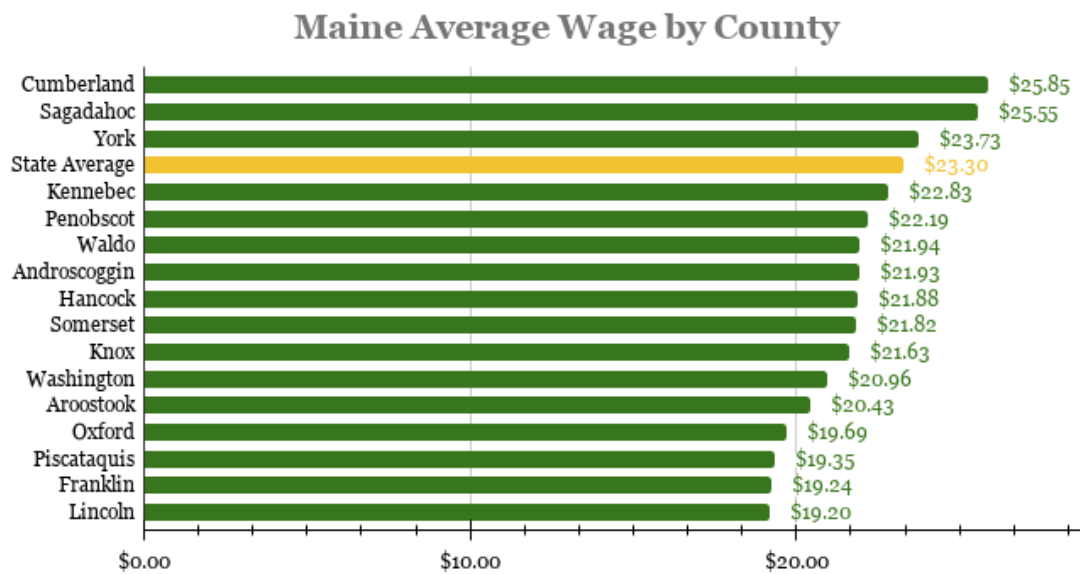
LD 543 would help control the runaway growth of Maine’s minimum wage by calculating CPI every three years instead of annually. LD 774 would provide stability to businesses all across the state who may be worried about their town or city forcing them to adhere to a higher minimum wage than the state.

Like rent controls, wage controls will do nothing more than hurt the prospects of future and present Maine workers, especially for those who have not acquired the skills necessary to earn a higher wage. LD 1047 would help mitigate this damage by helping minors or students under the age of 20 attain work and gain those needed skills before being priced out of the labor market via the state minimum wage.

Since the true minimum wage is zero, a one-size-fits-all mandatory wage prohibition can trap low-skilled workers into a vicious cycle of poverty.

Not only does a high minimum wage hurt businesses and workers, it affects consumers as well. A study from the Institute for the Study of Labor in Bonn, Germany found that a 10% increase in the minimum wage raises food prices by up to 4%.¹

The state minimum wage has already grown too high to be reasonable for Maine's rural employers and residents. In all but two counties, minimum wage is more than 50% of the median wage, where many mainstream economists peg an appropriately-crafted minimum.² In Oxford, Piscataquis, Franklin, and Lincoln counties, the state minimum wage is more than 60% of the average hourly wage.³



The reality is that we in Maine are competing in a regional, national, and global economy. Spending on the education system and infrastructure can only go so far if the regulatory climate is antagonistic to starting and growing a business.

Please deem LD 543, LD 774, and LD 1047 “Ought to Pass” and provide some measure of relief for the thousands of small businesses upon which 57% of Maine workers rely on to support their families. Thank you for your time and consideration.

¹ Sara Lemos. [The Effect of the Minimum Wage on Prices](#). Institute for the Study of Labor (IZA). 2004.

² [Designing Thoughtful Minimum Wage Policy at the State and Local Levels](#) | Brookings Institution

³ [County Profiles](#) | Maine Department of Labor

Nick Murray
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