May 24, 2023

Maine Legislature
Labor and Housing Committee

RE: **LD 1964, An Act to Implement the Recommendations of the Commission to Develop a Paid Family and Medical Leave Benefits Program**

Dear Committee Members,

I'm writing to express my **opposition** to the proposed bill. I agree with the concerns raised by the Retail Association of Maine as outlined below.

- **A New $400 Million Wage Tax (Fee or Contribution) –** The 2022 Paid FMLA Task Force noted in a commission report that a proposal similar to the one outlined in this bill would cost nearly $400M *annually*, funded through a new payroll tax on employers and employees. **NEW INFO:** We do not know the existing price tag of this specific proposal. The Bangor Daily News has stated that the proposals eyed by the Commission would be a minimum of $266 million. The bills sponsors have not said how much their program would cost. It is likely to be in the $300-$325 million range.
- **Potential for Annual Tax Hikes–**The Program Administrator will be required to annually increase the tax amount on employer payrolls and employee wages if the program doesn't have sufficient funds for administration and benefits. This is burdensome for employers and employees.
- **Worsens the Workforce Shortage Crisis –** The workforce shortage crisis shows no signs of rebounding anytime soon. Three month paid absences from the workplace would provide no certainty to employers trying to secure stable staffing levels. Maine's seasonal businesses could see employee absences for as long as 75% of their entire operating season and will likely need to offer job protections.
- **Significant New Burden for Small Businesses** – Thousands of small employers with fewer than 15 workers will for the first time ever be required to provide long-term leave to their employees. These small businesses will lose the longstanding protection provided for decades by Maine's existing family and medical leave law.
- **Expansive Definition of Family Members** - The bill would allow an individual to take leave for any person they believe to have a 'significant personal bond' with, regardless of biological or legal relationship. That could be a neighbor, friend, or co-worker. This would be 100% subjective.
- **Prone to Misuse -** The average Maine earner only needs 6 weeks' worth of earnings over the course of a year to qualify for 12 weeks of leave annually.
- **An Outlier in Many Respects –** Only 11 states have a Paid FMLA program. This bill is not an extension of the state's existing FMLA law either—it creates a new short-term disability insurance program. Proponents could have written a bill that is more in line with neighboring New England states, which may have garnered more than partisan support; instead, **this proposal is one of the most benefit-rich programs in the country**. The allure of designing a program with overly generous benefits will unfortunately be to the detriment of businesses experiencing unpredictable absenteeism and unprecedented financial burdens.

Sincerely,

T. Bendixon

Tanja Bendixon
Payroll and Accounting Administrator