

## Opposition to LD 1964

The Family Medical Leave Act of 1993 was a landmark piece of legislation for workers that provided families and individuals with protection for times of serious need. Unpaid leave up to 12 weeks per year was now codified into law for reasons of health, birth or adoption of a child, and caregiving. At last, workers were protected from losing their jobs during leave for qualified reasons. The impact on businesses with over 25 and eventually 15 employees caused some disruption. Adaptations were made, and FMLA became a great success.

As with many states, Maine has passed parallel legislation largely resembling the federal law. Some states have chosen to go beyond the balance and impose greater burdens on employers and employees. Prompted by unions and some elected officials, Maine's legislature is now considering a significant change in the cost/burden balance. LD 1964 would require paid leave to come out of additional payroll taxation. An increase in each employee's payroll tax of 0.5% and in employers of 0.5% will most likely be applied to ostensibly pay for the proposed standard. The bill may appear somewhat harmless, but the realities hidden beyond the façade deserves our attention.

The Maine State Chamber of Commerce opposes LD 1964. The legislation applies to small organizations with less than 15 employees. Most of these organizations don't have HR staff or leadership ready to process and oversee extended leave. They have never dealt with FMLA before. Sponsors Senator Daughtry and Representative Cloutier tout the bill for exempting small businesses from having to contribute to the fund. The biggest concerns for small organizations involve business models where a single employee accounts for a high percentage of essential functioning. For example, a small organization will typically have only one HR Generalist essentially tending to all required HR functions. If that employee is on leave, then payroll, onboarding, performance, recruitment, compliance, employee development or discipline, and metrics reporting will stop. Even a qualified temp would barely get by with those essential needs in 12 weeks. Having never had to deal with FMLA before, the potential for serious loss including loss of solvency could occur.

Supporters of LD 1964 plan to erect a new governmental agency to administer the new paid FMLA program in Maine. These 13 initial administrators, according to the sponsors of this bill, will have responsibility to, "complete paperwork," for applicants and sole judgment with no concrete guidelines determining who counts as a family member. FMLA is already monitored by the Departments of Labor both federally and in Maine. These departments have solid definitions and guidelines for who can take leave and for whom they can be a caregiver. What are the guidelines for and limitations of these, "administrators," mentioned in the bill? The sponsors in their presentation through Maine Association of Non-Profits failed to answer questions about the administrators' limitations instead praising their ability to define family members with no guidelines or set definitions, only broad generalities.

Aimless bureaucracy doesn't help non-profits flourish. Here at Central Maine Area Agency on Aging d.b.a. Spectrum Generations, we would share a tax burden with our employees. For FY 2022, the increased payroll tax would have been \$69,000. Our work as a non-profit Area Agency on Aging is to support older and disabled adults and their caregivers as well as educating the public on matters of healthy living. During tax season, we provided tax professionals for older Mainers to consult for guidance on filing. Our community outreach helps thousands with support in times of greatest need. Needless to say, we are needed in Maine as are the other Area Agencies on Aging.

For perspective on how LD 1964 will impact us financially, our taxation costs are the equivalent in industry competitive salary for a Community Case Manager *and* an Office Manager or Receptionist. Each case manager will aid up to 100 people needing our services. Each of these consumers also have relatives and friends invested in their wellbeing. Case managers potentially bless the lives of a thousand or more people. LD 1964 means one less case manager for Central Maine impact hundreds of lives negatively. Our receptionists answer dozens of calls each week from people needing help, often in desperation. People calling in get empathy and immediate action towards resolution with a trained receptionist. The taxation imposed by LD 1964 = 1 less case manager and 1 less receptionist.

According to Lincoln Business Guides, Maine ranks #1 in the nation for new business continuity after 1 year of operation. The increased tax burden on employees and employers will exceed \$400 million according to the Maine State Chamber of Commerce. Andrew Martins writing for Business News Daily ranks Maine #1 most small business friendly state. Entrepreneur magazine also named Maine as one of the 5 states with the happiest workers in the nation. How will developing additional bureaucracy, enacting unneeded and potentially detrimental legislation, increasing taxes, and imitating dissimilar states improve Maine's advantage?

The Chamber mentions specifically the absence of a substantial actuarial study to see if this is even financially sound legislation for Maine. When will this tax go up? Every tax does. Will there be a psychological impact on employees who are now paying out of their pockets to cover leave for others? What happens when the demand for leave rises out of jealousy, easy access, or even legitimate need? In the state with the happiest employees, what is the driving catalyst for this change?

Maine's competitive advantage will continue producing growth and smiles without this legislation. Taxation, debt, and a new entitlement will result from its passage. The imbalance caused by passage of LD 1964 will negatively impact a business friendly, happily employed, successful state, even our state of Maine.