



May 25, 2023

**Testimony to the 131st Maine Legislature
Committee on Labor and Housing**

Greetings, Senator Tipping, Representative Roeder, and honorable members of the Committee. My name is Jim Roche, President of the Maine Bankers Association. We are the state-wide trade association representing Maine's banking industry. Maine's twenty-nine retail banks operate 443 offices in nearly every community across the state, employ 9,000 working men and women, and assist Maine citizens and businesses with financial decisions that improve the quality of life for everyone. With assets exceeding \$41 billion, the Maine banking industry provides the financial fuel that powers the state's economy. Banks in Maine provide safe and secure deposit services for our communities and are a critical source of financing for homeownership and small businesses. Last year, our banks provided over \$4.7 billion in business loans, and another \$4.6 billion in residential real estate loans.

The Maine Bankers Association offers this testimony regarding L.D. 1964, *An Act to Implement the Recommendations of the Commission to Develop a Paid Family and Medical Leave Benefits Program*. We respectfully oppose the bill in its current form.

The proposed program would be funded by a new income tax increase for all workers, with mandatory universal participation. We are deeply concerned about the ability of Maine workers to absorb an additional cost increase amidst record inflation and price increases for nearly all essential goods and services. Additionally, this program will increase taxes for employers across the state. Maine already has a challenging climate for business. This proposal will increase and exacerbate those challenges. Our state must consider the competitiveness of our business environment relative to other states, and this bill would clearly put Maine at a further disadvantage.

Many employers, certainly most banks, already offer generous paid family leave benefits. In today's tight labor market, employers are keenly aware that they must offer attractive compensation and employee benefits to attract and keep the caliber of employees they need to operate successfully. The case for paid leave benefits is already being made by the very tight and competitive labor market we find ourselves in. It's inappropriate for government to interfere with the marketplace by overriding employer benefit choices. Banks already offer some of the strongest benefits packages of any employers, but they do so as an intentional choice. This is a business decision each enterprise makes independently.

In addition to paid family leave benefits, most banks and many employers offer some form of insured or self-funded short term disability compensation, along with long term disability insurance, when employees are out of work due to an injury or illness, or to compensate them when they must assist in caring for a family member. We're concerned that this proposal will incentivize some workers to stay out longer than is required for a full recovery. Employers work with their employees to get them back to work as soon as practical. To do otherwise places a burden on remaining employees, especially in this tight labor market, who must pick up the absent employee's workload.

While concerned with the cost and expansiveness of this proposal, our association is open to considering a paid leave program in other forms. For example, our neighbors in New Hampshire and Vermont

established a voluntary “opt-in” paid family leave program. This type of program allows individuals and businesses the choice to determine their own cost-benefit analysis most appropriate for their own needs and responsibilities. Another alternative would be an updated version of the family leave established under federal law. This option would provide more certainty around eligibility rules, along with guidelines more consistent with employer expectations.

In conclusion, we are open to discussion of a paid family leave program which meets the needs of employees and businesses; however, the current proposal is too costly, too expansive, and too uncertain. At a time when employers are navigating the challenges of attracting worker talent to their enterprises, high inflation, and a sluggish economy (which may soon worsen), this program is ill-timed and ill-conceived.

We thank the Committee for its consideration.

Respectfully Submitted,

James Roche
President