



## **Opposition to Maine LD 1411**

Joint State Government Committee

May 5, 2021

Dear Senator Baldacci, Representative Matlack, and Members of the Joint State & Local Government Committee:

I am writing to express my organization's concerns with Legislative Document 1411 (SP 461). Overall, this proposal would limit competition for contracts and undermine the state's ability to procure high-quality products.

The Global Business Alliance proudly represents nearly 200 American companies with a global heritage and advocates for issues that impact international companies at the state and federal level. Details about GBA membership and the ways our companies support Maine workers and communities can be found in [our factsheet](#). Additionally, our companies are leaders in sustainable solutions and focus on embracing [environmental goals](#).

Specific to the Maine economy, international companies employ nearly 37,000 Maine workers, with almost 10,000 of those jobs in the manufacturing sector alone. Over the past five years, employment from international companies has grown by 15 percent in the state, which is nearly double the overall private-sector employment growth rate<sup>1</sup>. With nearly 370 international companies in the Pine Tree State, global investment helps grow the state's economy and employ hard-working Mainers.

Buy American procurement policies are always crafted with good intentions; however, these protectionist policies often inadvertently harm workers, large employers, small businesses and taxpayers. Restricting state agencies from purchasing the equipment and materials they need to function efficiently – particularly as they continue to battle the effects of COVID-19 – would impose supply chain restrictions and limit their ability to serve the state's citizens.

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<sup>1</sup> All statistics in this testimony are the latest available data from the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) data released November 2020.

Maine could face higher costs to obtain necessary goods that offer improved efficiency. Technology hardware, for example, used in health care settings, government business systems, and security systems would likely be subject to these procurement restrictions (>\$500). This could lead to delays in critical technological improvements for state agencies, and possibly erode the state as a destination for business and innovation. Additionally, such policies have proven in both state and federal procurement to drive-up prices and limit choices.

Furthermore, arbitrary content requirements fail to consider the availability of materials and supply chain constraints across all affected industries. The proposed domestic content requirements could chill expansion of companies and industries critical to the state's economic health. The state should instead be focused on companies who are committed to job creation in Maine and avoid onerous content requirements that may limit the state's ability to source needed items. As one example, Maine companies that rely on cross-border connections could face additional challenges in bidding for government contracts if LD 1411 is adopted.

While the proposal includes certain exceptions and outlines a waiver process, the compliance burden will materially impact employers of all sizes in the state. Maine's small businesses would be particularly harmed by the proposed legislation. For example, any in-state employer who exports products to customers in other countries, could face additional challenges as other jurisdictions implement retaliatory trade barriers. The European Union announced this week possible countermeasures to President Biden's statements on Buy American slated to be debated later this month.<sup>2</sup>

GBA's members rely on both local vendors and service providers and foster a strong, thriving network of suppliers and manufacturers to meet customer demand. Now, more than ever, global connections are critical in helping strengthen Maine's economy. GBA strongly urges the committee to reject LD 1411 and offers to be a resource on how this proposal may impact various industries and exacerbate supply chain challenges.

Please let me know if you have any questions and we are happy to serve as resource in future policy discussions. You can contact me at [mbeeson@globalbusiness.org](mailto:mbeeson@globalbusiness.org) or at 202-770-5141.

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<sup>2</sup> Politico: EU readies response to Biden's 'Buy American' Pitch (May 4, 2021)