



Manufacturers Association of Maine

Testimony of

Jessica L. Laliberte

On behalf of the Manufacturers Association of Maine

Neither for Nor Against

LD 1411 An Act To Establish the Maine Buy American and Build Maine Act

May 5, 2021

Senator Baldacci, Representative Matlack, and members of the Joint Standing Committee on State and Local Government, my name is Jessica Laliberte and I serve as the policy relations manager for the Manufacturers Association of Maine, a non-partisan, pro-growth, pro-manufacturing trade organization. We represent 400 manufacturers and the 29,000 workers they employ in aerospace, metal, paper, marine/boat building, semi-conductor, wood, textile, aquaculture, biotech, medical device, electronics, RF and wireless communications, plastics, composites and bioplastics, studio and food and beverage manufacturing. Several of our member companies are employee owned (ESOP).

The Manufacturers Association of Maine (MAME) is here today to offer our comments neither for nor against **LD 1411 An Act To Establish the Maine Buy American and Build Maine Act**. Our Executive Circle for Manufacturing Excellence spent considerable time weighing this legislation. We met twice with President Jackson and thank him for his time and the concept of this bill.

Advanced manufacturing plays a vital role in the Maine economy. There are **1600** manufacturing businesses in Maine. The manufacturing sector's direct contribution to the state's gross domestic product (GDP) is **\$5.9 billion**. Manufacturing provides **56,000 Mainer jobs with an average salary of \$58,000**, 32% higher than all other sections. Payroll tops \$3.2 billion and accounts for 12% of wages paid statewide.

Our industry has been one of the few that has weathered the pandemic fairly-well. When COVID 19 hit many of our member companies pivoted operations to meet the growing needs of health care and businesses and began producing much needed personal protective equipment and hand sanitizer. While

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the pandemic has not hit us as hard as other sectors, we are struggling. We face a severe workforce shortage. Today, there are more than 4,000, good paying jobs open across the state. The average age of someone working in manufacturing is 54 years old. Our situation will worsen when those reaching retirement exit the workforce.

LD 1411 has the potential to be a pro-manufacturing bill and to grow jobs in the state. These are top priorities of our association. The manufacturing sector represents one-third of the value-added U.S economy and of the American workforce. Advanced manufacturing has the strongest direct multiplier effect, for every dollar invested there is a \$1.33 return. The only way for the bill to grow manufacturing within the state, however, is for in-state contractors to receive the award. It is the ability to obtain those contracts that causes concern—specifically the definition of “in-state contractor”.

This bill defines an “in state contractor” as an individual residing in this State or a business based in this State. The definition, however, also notes that "In-state contractor" includes:

A. If an individual, an individual who has a physical address in this State at which the individual has established residency and has filed a Maine tax return for at least the 2 years immediately prior to bidding on a state contract; or

B. If a business, a business, or a subsidiary of the business that has a physical address in this State at which it conducts business, including interviewing applicants for employment by the business or a subsidiary of the business and hiring and employing staff, and:

(1) Has filed a Maine tax return or paid Maine employment taxes for at least the 2 years immediately prior to bidding on a state contract.

(2) If the business or a subsidiary of the business does not meet the requirements of subparagraph (1), an officer, if the business is a corporation, a partner in the business or the sole proprietor must meet the requirements of paragraph A; or

(3) If the business or a subsidiary of the business does not meet the requirements of subparagraph (1) or (2), at least 60% of the individuals employed by the business are residents of this State. For purposes of this subparagraph, an individual is a resident of this State if the individual meets the requirements of Title 21-A, section 112 and filed a Maine income tax return the previous year.

It is our belief this would allow larger companies such as Amazon, who have no physical headquarters here, the opportunity to submit bids as the organization would have a location in state where business is conducted, and individuals are employed, and which permits them to file a tax return or pay Maine employment taxes for the two years prior to the bid. Such larger entities would be a greater advantage over smaller Maine-based companies.

We want to thank President Jackson for his effort to try to assist our industry. And we are thankful for the opportunity to address the committee this afternoon. Along with our testimony we have provided a copy of the report Economic Impacts of Advanced Manufacturing for your consideration.

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