

## **The Maine Heritage Policy Center Testimony in Opposition to LD 402**

### **"An Act To Restore Overtime Protections for Maine Workers"**

Senator Chipman, Representative Tipping, and distinguished members of the Committee on Taxation, my name is Adam Crepeau and I serve as the policy analyst at The Maine Heritage Policy Center. Thank you for the opportunity to speak in opposition to LD 402.

The Maine Heritage Policy Center is opposed to this bill because it would be harmful to the state's business community and we do not support legislation that dictates how a business must pay its employees. This bill would raise the minimum salary of employees who work in an executive, administrative, or professional capacity to \$40,401 in 2020, 47,816 in 2021 and \$55,224 by the year 2022 with increases thereafter in order for employees to be exempt from overtime pay. While this policy sounds rosy on the surface, it has the potential to hurt real Maine businesses.

Title 22, Section 663 has the minimum salary set at the minimum wage (\$11.00) multiplied by 3,000, or \$33,000 annually for employees to be exempt from overtime pay. If this is raised to \$55,224 by 2022, it would drive businesses out of the state. There are several more attractive states that do not have state statutes regarding overtime exemptions and therefore adhere to the federal minimum listed in the Fair Labor Standards Act (FLSA). Some examples include Florida, New Hampshire, Arizona, Louisiana, and Tennessee.<sup>1</sup> Coupled with the recent minimum wage increase and several egregious proposals in the legislature this session, we are on the verge of nickel and diming every employer until they are forced to leave or go out of business. Maine was ranked 45th in the country for doing business in 2018.<sup>2</sup>

If an employer paid a \$40,000 salary to an employee who works in an executive, administrative or professional capacity, they would be exempt from paying the employee overtime right now. However, if this bill passes, they will not be exempt by 2020. If one of those employees routinely works 50 hours per week and this bill passes, their salary automatically increases to approximately \$55,000 if the employer decides to keep the employee below the threshold and at the same weekly hours. This bill essentially forces the employer to increase the employee's salary, reduce the hours they work, or pay an exorbitant amount in overtime costs.

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<sup>1</sup> <https://www.tsheets.com/resources/state-overtime-laws>

<sup>2</sup> <https://www.cnbc.com/2018/07/10/top-states-for-business-maine.html>

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It is easy to see how this legislation could become a significant cost barrier for employers if they have several employees who are in executive, administrative, or professional roles who work more than 40 hours per week.

In sum, this bill is detrimental for employers in Maine and substantially increases the reach of government into the everyday operations of businesses. For those reasons, The Maine Heritage Policy Center urges the committee to vote, "Ought Not to Pass." Thank you.