

The Maine Heritage Policy Center Testimony to Oppose LDs 883 & 1410

LD 883: "An Act To Establish the Opt-in Maine Paid Family Leave Insurance Program"

LD 1410: "An Act To Create Paid Family and Medical Leave Benefits"

Senator Bellows, Representative Sylvester and distinguished members of the Committee Labor and Housing, my name is Adam Crepeau and I serve as a policy analyst at The Maine Heritage Policy Center. Thank you for the opportunity to speak in opposition to LDs 883 and 1410.

The Maine Heritage Policy Center opposes LDs 883 and 1410 because they would create new government programs to provide wage replacement benefits to individuals that take family or medical leave. Not only that, but all employees would be required to contribute to the programs and few may need to utilize these benefits. In other words, these bills create new government mandates. They would merely serve as decorated redistribution of income programs administered by the Maine Department of Labor.

Both LD 883 and LD 1410 would create government-mandated programs to collect and administer paid leave benefits to eligible employees. Employees are eligible for six weeks of paid benefits under LD 883 if they have worked 12 of the 52 weeks prior to requesting benefits. LD 1410 requires employees to work 26 weeks of the 12 months prior to requesting up to 20 weeks of benefits. The Maine Heritage Policy Center believes paid family and medical leave benefits should be part of the employer-employee contract upon hiring, not a government-run and mandated program. In fact, employers are incentivized to offer good benefits to potential employees if they seek to attract and retain a strong workforce.¹

Under LD 883, employees would receive 2/3 of their average weekly pay or 100 percent of the state's average weekly pay, whichever is lower, while on family leave. LD 1410 would reimburse individuals 90 percent of their weekly pay if they earn less than the state's average weekly wage. If they earn more, they would be reimbursed at 67 percent and would be capped at 100 percent of the state's average weekly wage, currently at \$829.30. These funds would be taken through an employee contribution, put into a program and redistributed to employees that take advantage of the benefits.

LD 1410 seeks to create a 0.55 percent tax on employees in the state, regardless of whether they take advantage of paid family and medical leave benefits or not. While individuals that make less than \$12,000 in a 12-month period would be exempt, this would essentially be an "income tax" on people who are not exempt. This would likely encourage out-migration to states such as New Hampshire that do not collect an income tax and have an overall lower tax burden.² As a point of reference, Maine is ranked third for

¹<https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/salary-most-important-part-job-ad.aspx>

² [https://wallethub.com/edu/states-with-highest-lowest-tax-burden/20494/;](https://wallethub.com/edu/states-with-highest-lowest-tax-burden/20494/)
<https://taxfoundation.org/2019-state-individual-income-tax-rates-brackets/>

highest tax burden while New Hampshire is ranked 46th.³ LD 883 leaves the contribution rate to be decided by the Department of Labor based on a “sliding scale” that depends on employees’ wages. The Maine Heritage Policy Center believes leaving the contribution amount for individual employees in the hands of bureaucrats is irresponsible.

Lastly, these programs would undoubtedly harm small employers in the state of Maine. While employers would not have to pay for these benefits, they would need to find temporary employees or take a loss in productivity if more individuals are incentivized to take paid leave. Losing an employee for up to 6 weeks under LD 883 or 20 weeks under LD 1410, particularly for small businesses, could have unintended consequences if the employee is essential to business operations.⁴ Both of these bills protect the employee’s position with the employer, which inhibits small businesses from hiring a replacement since the employee would need to be reinstated in the same or equal position upon termination of their paid leave. This ultimately puts the burden on the employer to find temporary employees to fill the void or take a loss in productivity.

While these bills appear to be well-intentioned, The Maine Heritage Policy Center urges the committee to vote, “Ought Not to Pass” on LDs 883 and 1410. Thank you.

³ Ibid.

⁴<https://www.brookings.edu/blog/up-front/2018/03/22/keep-employers-in-mind-as-we-advocate-paid-family-and-medical-leave/>