**Encourage your legislators to oppose LD 607’s majority report on the higher overtime payment salary threshold**

Majority Report increases overtime payment salary threshold to 4500 times the Maine minimum wage, which using the current $12.75 minimum wage means the new salary thresholds would be:

$ 38,250 2022 (3000 x $12.75)

$ 44,625 2023 (3500 x $12.75\*)

$ 51,000 2024 (4000 x $12.75\*)

$ 57,375 2025 (4500 x $12.75\*)

\* The actual minimum wage will be higher each year due to “baked in” inflation indexing

Maine’s Overtime Salary Threshold is already Increasing Annually

* Annual increases in Maine’s minimum wage automatically increase the overtime threshold
* So, our salary threshold increased from $36,450 in 2021, to $38,250 in 2022, thanks to the 6% increase in Maine’s minimum wage effective 1/1/22
* To be clear, the federal threshold is currently $35,568 – we are well above that, and will only continue to increase each year, even without the passage of LD 607
* Even with modest annual increases in the minimum wage, Maine’s overtime salary threshold under LD 607 would likely exceed $60,000 in 2025

Makes Maine Even More of a National Outlier

* Maine is one of only 5 states that set overtime salary thresholds above the federal level
  + California, Colorado, MAINE, New York, Washington
* 45 states – including all other New England states – follow the federal salary threshold

Should Wait for New Federal Rules Update

* U.S. Department of Labor plans to propose an update to federal overtime rules this spring
* New federal rules will place Maine employers on equal footing with other states
* With new federal rules in the offing, passage now of LD 607 will cause unwarranted confusion, cost for employers

Steep New Expense - Unknown

* Thousands of salaried employees will fall into the new overtime category
* Maine DOL has not ascertained the actual number of affected workers and employers

Creates Paperwork/Timesheet Burdens for Salaried Employees

* Many salaried employees will be forced to keep timesheets of hours worked
* Newly affected salaried workers may be required to turn in company phones, tablets, computers so that the employer does not get hit with overtime expenses, labor law violations
* Employers will be required to keep more records of work hours and whether overtime was authorized

Interferes with Salaried Employee Work Flexibility and Takes Away Career Advancement Efforts

* Workers reclassified from salaried to hourly may experience reduced opportunity
* Salaried employees may lose the ability to work flexible hours
* Career advancement efforts of salaried workers – go the extra mile, do more than requested, etc. – may be stunted/blunted by concerns about potential overtime cost to employer
* Morale among salaried employees may suffer as they lose work flexibility or are reclassified as hourly workers

Higher Costs for Small Businesses, Nonprofits, Social Services

* Many small employers will be squeezed between higher costs and customer willingness to pay
* Prices are already skyrocketing, and business can only raise the price of their product or service so much before it impacts purchasing.
* Many nonprofits will be squeezed between higher costs and limited donor dollars
* Many social services will be squeezed between higher costs and tight reimbursement levels
* Employers operating on fixed or limited budgets will face critical choices on cuts to staffing, programming, and services

Sets Arbitrary Salary Thresholds – No Maine DOL Analysis of Maine Workforce, Economic Impact

* There has been no analysis of the workforce justification for the new salary thresholds in LD 607
  + no analysis of the financial impacts on the public, private and nonprofit sectors
  + no economic analysis of the impacts on the Maine economy
* Does not consider the effect on causing more automation or customer self-service in lieu of jobs

Given the widespread impacts and costs, the lack of any analysis and justification from the Maine Department of Labor, and the U.S. Labor Department’s announcement that will propose changes in federal overtime salary rules this spring, we strongly urge **OUGHT NOT TO PASS on LD 607**.

Maine employers can’t successfully plan to recover from the challenges brought by the pandemic if they are being buffeted by arbitrary, costly and ill-time changes in the current overtime payment salary threshold. Let Maine employers focus on recovering from the pandemic economic shocks, recruiting and hiring workers, and a dealing with host of other challenges.

**Please contact your legislators and urge them to oppose the costly overtime legislation in LD 607.**