



Maine Forest Products Council

The voice of Maine's forest economy

Companies represented on the MFPC Board

A & A Brochu Logging
American Forest Mgmt.
Baskahegan Co.
BBC Land, LLC
Columbia Forest Prod.
Cross Insurance
Family Forestry
Farm Credit East
Fontaine Inc.
H.C. Haynes
Huber Resources
INRS
J.D. Irving
Katahdin Forest Mgmt.
Key Bank
Kennebec Lumber
LandVest Inc.
Louisiana Pacific
Maibec Logging
ND Paper
Nicols Brothers
Pingree Associates
Prentiss & Carlisle
ReEnergy
Richard Wing & Son
Robbins Lumber
Sappi North America
Southern Maine Forestry
Stead Timberlands
St. Croix Tissue
St. Croix Chipping
TD Bank
Timber Resource Group
Timberstate G.
Wadsworth Woodlands
Wagner Forest Mgt.
Weyerhaeuser
Woodland Pulp

Maine Forest Products Council Testimony in Opposition to LD 1964

“An Act to Implement Recommendations of the Commission to Develop a Paid Family Leave Benefits Program”

May 25, 2023

Patrick J. Strauch, Executive Director

Senator Tipping, Representative Roeder, and distinguished members of the Labor and Housing Committee, my name is Patrick Strauch, and I am the Executive Director of the Maine Forest Products Council. We represent the diverse companies that are part of the forest economy. Our members include loggers, foresters, sawmills, papermills, and over 8 million acres of commercial forestland owners. We employ over 15,000 direct workers and support an additional 15,000 indirect workers; 1 out of 25 jobs is in our sector and we are a significant component of Maine's rural economy and communities.

We believe the current Paid Family Leave Act (PFMLA) is too ambitious and costly to fit our currently struggling economy, and we should establish a long-term stepwise approach for building a comprehensive policy that works for both employees and employers.

We've checked in with our members to gather input for this testimony and here are a collection of responses for your consideration:

- Our company is concerned that we will not be able to hire the additional people to fill in for employees out using this leave along with all the other leave options they currently have. We have the lowest unemployment rates in our state that we have seen in years. It's very difficult to find qualified candidates and the burden on the business to pay overtime rates to employees that we need to cover the shifts of employees out on leave will be costly. It will legitimately shut down businesses and the waterfall effect will be detrimental to the State of Maine.
- We are extremely concerned not only about the extra cost of paying into the plan as a business, but our employees do not want another tax on their pay during these high inflationary times. Everyone is struggling to pay their bills with the inflationary costs, especially with everyone being hit so hard with increased electricity rates/bills. Estimates place the wage tax at \$400 million for this program for employers and employees.
- There is no incentive to return to work in this program design. Either a reduced wage rate or a mechanism to encourage returning to work as soon as possible instead of maximizing the allowable 12-week maximum should be in the plan.
- Qualifications for a family member are too broad and the “affinity” term is problematic. Without knowing the details of how the administration will determine this relationship, it's a qualifier for anyone to go out to care for anyone. This just can't be the case. We will never have enough employees to keep our businesses running. It's a very slippery and ambiguous slope.

- As written, an employee could go out for consecutive periods rolling over a calendar year. Example: As written now an employee could qualify for consecutive 6-month leave, this would be detrimental to business. Even Short-Term Disability plans via employer's work on a rolling calendar year and you must work the number of days back to earn your next leave, to refuel your balance to be used in the future.

We also concur with the Maine Chamber of Commerce additional points:

- **Potential for Annual Tax Hikes** – The bill requires the Program Administrator to annually increase the tax amount on employer payrolls and employee wages if the program doesn't have sufficient funds for administration and benefit costs.
- **Creates a significant new burden for small businesses** - Most MFPC member companies are classified as small businesses.
- **The proposal is an Outlier** - LD 1964 essentially creates a new short-term disability insurance program, and what would be one of the most benefit-rich programs in the country. Instead, Maine could consider extending the state's existing FML program or proposing a bill that is more in line with neighboring New England states.

SUMMARY

We anticipate that for an extended period slow housing starts will depress sawmill production, world markets for wood pulp will force production reductions, and loggers will continue to forestall equipment investments and struggle with high prices for fuel and parts in their businesses. This will be a tough period in the forest industry and our ability to respond to improved market conditions is dependent on policy leaders respecting the concern of the business community for the livelihood of the rural communities where we work in Maine.

For these reasons we request that you not support LD 1964.

Thank you for your consideration. I would be happy to answer any questions the committee may have.