Workers’ comp compromise headed for Governor’s desk —

With no debate, and without roll calls, the Maine House and Senate gave unanimous approval to legislation that will provide extended benefits to injured workers, while also making some systemic changes to the workers’ compensation system sought by employers. The passage of the bill puts to rest, for this session, one of the most contentious public policy debates of 2019.

Sponsored by Rep. Mike Sylvester (D-Portland), LD 756, An Act to Improve the Maine Workers’ Compensation Act of 1992, was an omnibus vehicle for any changes the Legislature decided to implement this session. The bill itself represents an amalgamation of adjustments made to the 1992 comp act, many of which were part of a compromise proposal that were developed earlier this session by a group including the Maine State Chamber, MEMIC, and a representative of the self-insured community.

As approved by both the House and Senate, the benefit extension portion of the bill includes a cost of living adjustment (COLA) on total benefits only after five years; a higher maximum compensation rate of 125% of the state average weekly wage; an extension of the durational cap from 10 years to 12 years for those injured workers receiving benefits for partial incapacity, but with the complete elimination of long-term PI-related benefits thereafter; death benefits for parents of an employee beginning in January 2020, or they will “die” when the Legislature adjourns.

The AFA committee anticipates “running the table” next week. As of Wednesday, May 12, there were $847 million worth of additional spending requests, beyond the budget itself, sitting on the appropriations table awaiting possible funding. Democrats and Republicans will split the estimated $6 million, between the four caucuses, which is how they typically address any additional money set aside for the table. While $6 million may not seem like a lot, in comparison, zero dollars were available for the table two years ago, because additional funds were not allocated for new spending. And, four years ago, only $2 million were available to lawmakers for new spending priorities.

The budget document was ready and available for all legislators on Friday. Because the budget needs two-thirds’ support in both the House and Senate, it generated lengthy debate. During the day Friday, there were a lot of closed-door negotiations, and by Friday evening, the Legislature was ready to vote on the nearly $8 billion budget. The House voted 104 to 38, and the Senate 25 to 9 on final enactment, meeting the required a two-thirds’ vote in both the House and Senate. It is anticipated that Governor Janet Mills will sign the budget bill early this week.

For questions or additional information, please contact Linda Caprara by calling (207) 623-4568, ext. 106, or by emailing lcaprara@mainechamber.org.

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Invest in Tomorrow initiative’s stakeholders celebrate passage of bipartisan anti-poverty bills

On Monday, June 17, collaboration of groups, including Maine Equal Justice, the Maine Community Foundation, the Maine Community Action Association, and the Maine State Chamber of Commerce, lauded the unanimous passage of the Invest in Tomorrow bill package, LD 1772 and LD 1774. The bills, sponsored by House Speaker Sara Gideon (D-Freeport) and Assistant House Minority Leader Trey Stewart (R-Presque Isle), attracted bipartisan support in committee and went “under the hammer” in the House and Senate.

The Invest in Tomorrow initiative endorsed LD 1774, An Act to Reduce Child Poverty by Leveraging Investments so Families can Thrive (LIFT), and LD 1772, An Act to Secure Transitions to Economic Prosperity for Maine Families and Children (STEP). Each offers key reforms that create more pathways out of poverty and hardship and into stability and prosperity.

“Passing these bills is the first big step to advance the Invest in Tomorrow policy agenda to increase economic security and opportunity for Maine kids and families, which reflects the thinking of community members, stakeholders and experts all over the state,” said Robyn Merrill, exec-

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Workers’ Comp...  
(Continued from Page 1...)

who dies without statutory dependents (with no retroactivity except for a transfer of funds paid this year to the vocational rehabilitation fund to the parents); attorneys’ fees capped at 10% for lump sum settlements; and, notice increased to 60 days.

The employer requested systemic changes including changes to the statutory “14-day rule,” which include an exception for mistake of fact, Act of God, or unavoidable circumstance, and a 45-day period in which benefits can be paid without prejudice and terminated without filing a 21-day letter, and allowing only the statutory penalty for failure to pay within 14 days (not the “14-day rule” in the Rules); an offset for paid time off, with limited exceptions; requirement of a WCB super-majority vote for appointment of new Administrative Law Judges (ALJs) with current ALJs grand-fathered in; and consideration of rulemaking to better establish timeframes for filing petitions after mediation. There will be study groups on work search / vocational rehabilitation, uninsured workers, and the advocates’ pay.

Because the bill came out of the Labor and Housing committee unanimously, the bill went to the full legislature as a “con- sent” item, meaning there was no need for debate or roll calls. The amendment to the bill was ready by 7:30 p.m. Friday evening, June 14, and it flew through both bodies and was enacted “under the hammer.” The passage of LD 756 cleared the way for a vote on the biennial budget, as Republicans had indicated they would not be prepared to give the budget a final vote until the comp bill had been disposed.

We will devote more time to the workers’ comp issue in our Final Summary issue. Suffice it to say that, while the business community saw no need to reopen the 1992 reforms this session, it was inevitable, given the political make up of this legislature, that the debate over increasing benefits would take place. It was the position of the Maine State Chamber and others to mitigate the potential damage to Maine businesses and find a compromise that was manageable. The original compromise we helped broker formed the backbone of the final product agreed to by the full legislature, a clear sign that we accomplished our goal.

We would like to thank both the Republican and Democratic members of the Joint Standing Committee on Labor and Housing for their work on this difficult issue. For additional information or questions, please contact Peter Gore by calling (207) 623-4568, ext. 107, or by emailing pgore@mainechamber.org.
Local option tax bill rejected by Senate, amended in House, heads back to Senate in non-concurrence —

On Friday, June 14, the House of Representatives voted 80-60 to add yet another amendment to LD 1254, An Act to Authorize a Local Option Sales Tax on Meals and Lodging and Provide Funding to Treat Opioid Use Disorder, sponsored by Rep. Michael Sylvester (D-Portland). The latest amended version strips out meals from the local option taxes.

On Tuesday, June 11, the Maine House of Representatives had voted 73-70 in support of the amended version of LD 1254. On Thursday, June 13, the Senate had voted 14-21 against the majority “ought-to-pass” report coming from the Joint Standing Committee on Taxation on LD 1254. Since the bill failed in the Senate, it was headed back to the House in non-concurrence. The House voted to amend the bill and now is headed back to the Senate.

As originally drafted, LD 1254, would have allowed a municipality to impose a year-round or seasonal local option sales tax, if approved by referendum, of no more than 1% on prepared food and short-term lodging. A total of 85% of revenue generated would have been distributed back to the generating municipality and 15% would have been distributed to all other municipalities around the state. The money would have to be used for preventing and treating opioid use. That version was heading towards a 7-6 “ought-not-to-pass” report in committee with chair Rep. Ryan Tipping (D-Orono) and Rep. Stephen Stanley (D-Medway) voting with the Republicans. However, in a last-ditch effort to make the bill more politically palatable, Rep. Michael Sylvester (D-Portland) came in with an amendment that changed the distribution formula to 75% back to the generating municipality and 25% to the Maine Rural Development Fund. That ended up securing Rep. Stanley’s vote on the committee, and ultimately, the bill received a 7-6 “ought-to-pass-as-amended” report, with Rep. Tipping siding with the Republicans and one Independent, Rep. Donald Mearan of Hollis.

Earlier this session, the Taxation committee unanimously defeated the other three bills:

- **LD 65, An Act to Allow Municipalities to Impose a Seasonal or Year-Round Local Option Sales Tax**, sponsored by Rep. Pinny Beebe-Center (D-Rockland), which would have allowed a municipality to impose a local option sales tax if approved by referendum on a seasonal or year-round basis with no limit on the rate that could be imposed;
- **LD 156, An Act to Allow Regional Service Center Municipalities to Assess an Additional One Percent Tax for Infrastructure Costs**, sponsored by Sen. David Miramant (D-Knox), which would have allowed municipalities to impose a local option sales tax of no more than 1% if approved by referendum for the purpose of funding infrastructure costs; and,
- **LD 1110, An Act to Establish a Local Option for Sales Tax**, sponsored Rep. Lori Gramlich (D-Old Orchard), which would have allowed a municipality to impose a local option sales tax, if approved by referendum, on items that were subject to the sales tax, such as retail transactions, prepared foods, liquor, hotel rentals, and certain rentals of automobiles.

The committee fully intends to revisit the issue next session as the committee

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Energy Transmission Corridors (Emergency), sponsored by Rep. Seth Berry (D-Bowdoinham); and, LD 1383, An Act To Amend Maine’s Municipal Land Use and Eminent Domain Laws Regarding Transmission and Distribution Utilities, sponsored by Rep. Chad Grignon (R-Athens). Both bills passed, but did not garner the level of legislative votes necessary to override a veto from Governor Mills, who supports the NECEC project. The Maine State Chamber of Commerce strongly supported both vetoes and are happy to report that both were sustained.

LD 1363 would have “required that at least two-thirds of the local governments, through which the high-impact electric transmission line will pass, approve the line and clarifies that, if a referendum vote is held, that vote supersedes any vote by local government officers.” If this standard were to be adopted, it would be extremely difficult to build this transmission project or those in the future and would hinder not just this project but future statewide development in Maine.

Current law allows the PUC to authorize the use of eminent domain by a transmission and distribution entity in siting a high-impact electric transmission line, exempting this authorization from municipal zoning ordinances. The amended version of LD 1383, however, would require an affirmative vote of the municipal officers approving the PUC exemption. It would then require that the transmission and distribution utility obtain approval of the same municipal officers before “exercising the right of eminent domain.”

The Maine State Chamber of Commerce opposed both bills, because they:

- Proposed an 11th-hour disruption to well-established permitting policies that carefully balance the diversity of public interests: The regulatory and permitting processes the legislature has delegated to state agencies are justified, in part, to insulate decisions from the political pressures of the day. This bill unwisely circumvents that insulation;
- Imprudently used statute to respond to a single project, without careful consideration of long-term impacts on future development; and,
- Turned Maine’s tradition of local control on its head: One of the key functions of state government is to set policies that resolve potential conflicts between local jurisdictions that might harm the larger public interest. Public infrastructure like roads, telecommunications, gas lines, water supply, and electricity transmission, are great examples of vital services that often cross jurisdictional boundaries. The state exercises broad authority with these services because there is a collective interest in them. Under these bills, a small handful of municipalities would be in a position to hold hostage the benefits that would otherwise accrue to the entire state (e.g., economic benefits like jobs and electricity rate suppression, as well as environmental benefits like significant reductions in greenhouse gas emissions). This legislation could give a few small towns control over the interests of every person in the state. That’s not local control.

The Maine State Chamber of Commerce would like to thank Governor Mills and the legislators for their work to defeat LD 640, LD 1363, and LD 1383. If you have any questions, please contact Ben Gilm an by calling (207) 623-4568, ext. 111, or by emailing bgilm@mainechamber.org.

Local Option Tax... 
(Continued from Page 3...)

voted to carry-over LD 609, An Act to Provide Municipalities Additional Sales Tax Revenue from Lodging Sales, sponsored by Rep. Maureen Terry (D-Gorham). The bill would increase the lodging tax by 1% and incremental revenues generated, minus administrative costs for Maine Revenue Services, would be returned to the generating municipality.

The Maine State Chamber has long opposed local option sales taxes for a variety of reasons, including the following reasons cited from the testimony on these bills:

- Enacting a local option sales tax increases the total tax burden in the state: This bill would have added another layer of sales tax to items purchased in municipalities that enact it. Local option taxes are another way to raise revenue for municipalities and would not ensure taxes would later be reduced at the local level.
- Local option sales taxes hurt small brick and mortar businesses: Many citizens buy local to support their neighbors – owners of small brick-and-mortar businesses in their municipalities. Local businesses located in one locale compete with local businesses in another. Businesses located in towns that enact a local option sales tax will be at a competitive disadvantage with businesses in municipalities that do not enact a local option sales tax. This will pit one community against another. Local brick-and-mortar retail businesses will never be able to compete in that high-taxed environment. The tax will hit their bottom line, and they may not be able to pass the expense on to the consumer. Ultimately, they will lose sales to neighboring towns that don’t have local option sales tax.
- Local option sales taxes impact local economic development efforts: Municipalities around the state work hard to try to attract businesses to their locales; many hire economic development directors to do just that. This will do nothing to attract businesses, but instead, would discourage businesses from locating in towns that have additional taxes. This bill will make towns that impose sales taxes less attractive. Once local option taxes are in place, they would be virtually impossible to remove because that municipality would become dependent on the revenue.

If you have any questions, please contact Linda Caprara by calling (207) 623-4568, ext. 106, or by emailing lcaprara@mainechamber.org.
Maine Community College System president: Governor’s bond package needed to boost Maine economy

Despite signs of a strong economy, Maine is still facing serious workforce and demographic challenges

EDITOR’S NOTE: This Special to the Press Herald was written by David Daigler, president of the Maine Community College System, and published on June 12. It can be accessed online at pressherald.com/2019/06/12/commentary-governors-bond-package-needed-to-boost-maine-economy. We have reprinted it here for your consideration.

Making a smart investment in short-term job training is one way to unleash the abilities and opportunities for Mainers who are looking to enter the workforce or improve their skills.

That’s why I urge Maine lawmakers, and ultimately, voters to support the bond package proposed by Gov. Mills, which seeks to spur economic development with investments not only in workforce development, but in expanding access to broadband and child care facilities – common barriers for people looking to improve their job skills.

The demand for training workers is there: We see it every day at the Maine Community College System.

The Maine Quality Center program alone, which includes training for operating heavy equipment, welding, truck driving, small-engine repair and pipefitting, is up more than 40 percent from last year, to more than 900 trainees.

Yet there are still good-paying jobs going unfilled in Maine because there are simply not enough people with the right skills to fill them. At the same time, an increasing number of Maine’s aging workers are retiring, compounding the workforce shortage.

This bond package represents an integrated investment that supports educational attainment and increases the number of jobs and skilled workers in Maine.

It starts with access to job training. These bonds would remove common barriers – by expanding access to broadband and child care – and boost the number and reach of job training programs available to those people, no matter where they are located in the state.

Our students come from all walks of life. We’re retraining older workers for a second career, training new Mainers so they can join the workforce and providing educational opportunity and a second chance to those in the recovery and corrections communities.

Last year, we served 25,000 people through our degree programs, customized training and noncredit offerings. We offered those students more than 100 areas of study, 75 percent of which are the only ones of their kind in the state.

The graduates of those programs are highly trained nurses, firefighters, precision machinists, IT professionals, accountants, plumbers, chefs and more.

If passed by the Legislature and the voters, this bond would support education and training for tradespeople. The money would be invested in a multi-trade, flexible workforce training center and two mobile welding trailers that will increase welder training capacity by 200 percent statewide.

The mobile welding trailers serve two key functions: One, we can reach students in remote parts of the state who can’t relocate or travel to our fixed classrooms and, two, we can respond to local workforce needs swiftly, supporting local businesses and providing training directly tied to local workforce needs.

These are targeted funds that will allow Mainers to earn a decent paycheck, lift their families out of poverty, be a part of local industry and help build a robust economy in the state.

I urge you to support the bond proposals so we can expand training and help provide the skilled workforce that drives Maine’s economy.

Estate tax bill passes along party lines, hurting Mainers who pass small businesses to their children

On Thursday, June 6, the Joint Standing Committee on Taxation voted 8-5 “ought-to-pass” along party lines on LD 420, An Act to Amend the Maine Exclusion Amount in the Estate Tax, sponsored by Rep. Benjamin Collings (D-Portland). This recommendation on LD 420 would lower the exclusion amount that would be taxable under the Maine’s estate tax. It also completely reverses the significant steps Maine’s Legislature took in 2015, as part of tax reform, to increase the exemption amount in recognition of the penalizing estate tax.

LD 420 would lower the exclusion amount under Maine’s estate tax law from $5.7 million to $2 million. The bill would also remove the annual adjustments for inflation of the exclusion amount. The committee had earlier voted “ought not to pass” on a companion bill – LD 518, An Act to Change the Exclusion Amount Under the Estate Tax, sponsored by Rep. Heidi Brooks (D-Lewiston). LD 518 would have lowered the exclusion amount to $1 million.

The Maine State Chamber of Commerce has always been on record for increasing the estate tax exemption amount or eliminating the estate tax altogether. The estate tax hurts Maine businesses, particularly smaller businesses and farms, which work very hard to pass along those assets to their children and grandchildren. This would take away that opportunity, and instead, slaps them with a massive “death tax.” If they can’t pay the taxes due up front, they may be forced to deplete any capital they have in the business or sell it to pay the tax. Essentially, the estate tax results in double taxation, because businesses end up paying taxes on assets and property that have already been taxed. Ultimately, it punishes and penalizes success. In addition, an increase in the estate tax encourages retirees to leave the state, taking their assets and domiciles out of Maine permanently.

The bill will now be headed to the floor. Please contact your legislators and urge them to vote no on LD 420. If you have any questions, please contact Linda Caparra by calling (207) 623-4568, ext. 106, or by emailing lcaparra@mainechamber.org.
utive director of Maine Equal Justice, whose organization has helped convene the initiative. “The bipartisan effort we’ve seen to make a real difference for Maine families in our state is inspiring. It shows that poverty is not a partisan issue, it’s something we all care about.”

The bills will now go to the Governor’s desk, where they are expected to be signed. Key elements of the bills included a reduction in the “benefits cliff” families face when they transition off Temporary Assistance for Needy Families (TANF) into employment, funds to support non-profits using a “whole-family” approach to case management, increasing access to TANF supports for families living in poverty, and improved access to the Parents as Scholars program.

“With the passage of these bills, it’s great to know that the state will not only be doing the right things to help Maine families and young children succeed, we’ll also be making an investment in the future of our workforce,” said Dana Connors, president of the Maine State Chamber of Commerce. “In the end, helping families escape poverty strengthens all of us and helps us build the kind of state where individuals and businesses can thrive together.”

Allina Diaz, a mother of three who is going to school under the Parents as Scholars program said, “This law will mean so much, not just for parents and their kids, but whole communities. When you help one person out of poverty, it gives them hope and that touches everyone around them and gives more people the chance to support each other. There are so many unseen effects from a change like this, so many people who have so much potential that will now be reached.”

The Invest in Tomorrow 2018 report (www.investintomorrow.me/report) included data and input from nearly 200
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**LIFT / STEP..**
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organizations and individuals statewide. It highlighted the fact that a shocking proportion—nearly one in eight Maine children—is growing up poor.

The report laid out a roadmap for cutting child poverty in half over the next ten years—and eliminating it in a generation—by addressing basic needs like housing, health care, and food, while providing economic opportunities through education and training and easing benefit “cliff” effects. These strategic changes are reflected in both LIFT and STEP.

Invest in Tomorrow published a fact sheet on LIFT and STEP that can be found on their website, www.investintomorrow.me, along with the 2018 report and tracked poverty measures. For more information, please contact Alison Weiss by calling (207) 232-0859 or by emailing aweiss@mejp.org.

For the most current information, visit www.mainechamber.org
As legislative adjournment nears, our staff routinely travels throughout the state during the spring and summer months to discuss legislative activity, as well as the critical role and valuable insight local business leaders contribute to the legislative process, which is instrumental to the open dialogue about business issues that affect your business, your community, and our state.

To register for any of these FREE events, visit www.mainechamber.org. If you have questions, please contact Angie Arno by calling (207) 623-4568, ext. 104, or by emailing aarno@mainechamber.org.

To sponsor one of these forums, please contact Melody Rousseau by calling (207) 623-4568, ext. 102, or by emailing melodyr@mainechamber.org.

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**Androscoggin Valley Regional Breakfast**
Tuesday, June 25 | 7:30 a.m. to 9:00 a.m.
Geiger, 70 Mount Hope Avenue, Lewiston

**Maine Highlands Regional Breakfast**
Wednesday, June 26 | 7:30 a.m. to 9:30 a.m.
Hilton Garden Inn, 250 Haskell Road, Bangor

The Maine Department of Economic and Community Development will also join us for a Strategic Plan presentation and listening session, facilitated by Commissioner Heather Johnson.

**Northern Maine Regional Breakfast**
Thursday, June 27 | 7:30 a.m. to 9:30 a.m.
University of Maine at Presque Isle,
St. John & Aroostook Rooms

**Kennebec Valley Regional Breakfast**
Friday, June 28 | 7:30 a.m. to 9:00 a.m.
Bangor Savings Bank, 5 Senator Way, Augusta