

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1865

S.P. 735

In Senate, May 5, 2025

**Resolve, to Create a Tax Incentive Pilot Project to Encourage
Businesses to Adopt a 4-day Workweek**

Received by the Secretary of the Senate on May 1, 2025. Referred to the Committee on
Taxation pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read "D M Grant", is positioned above the printed name of the Secretary of the Senate.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator BENNETT of Oxford.

1 **Sec. 1. Four-day Workweek Pilot Project established; administration by**
2 **Department of Labor. Resolved:** That the Four-day Workweek Pilot Project is
3 established to promote, incentivize and support the use of a 4-day workweek by qualifying
4 employers and to study the benefits and effects of a 4-day workweek on participating
5 employees and participating employers. The Department of Labor shall implement the
6 pilot project.

7 **1. Definitions.** As used in this resolve, unless the context otherwise indicates, the
8 following terms have the following meanings.

9 A. "Department" means the Department of Labor.

10 B. "Employee" means an individual who provides services or labor for an employer
11 for wages or other remuneration.

12 C. "Employer" means a person in this State that employs individuals, including the
13 State and a political subdivision of the State. "Employer" includes a person acting in
14 the interest of an employer directly or indirectly.

15 D. "Participating employee" means an employee of a participating employer who is
16 selected by the participating employer to participate in the pilot project.

17 E. "Participating employer" means a qualifying employer that is selected by the
18 department to participate in the pilot project.

19 F. "Pilot project" means the Four-day Workweek Pilot Project developed pursuant to
20 this section.

21 G. "Qualifying employer" means an employer that has at least 15 employees and meets
22 the other qualifications for participation in the pilot project as developed by the
23 department.

24 H. "Tax credit" means the tax credit provided pursuant to section 2.

25 **2. Duration of pilot project; limited participation.** The pilot project must start no
26 later than January 1, 2027 and continue for at least 2 years but no more than 4 years. The
27 department shall determine the length of the pilot project and may limit participation by
28 employers.

29 **3. Duties of department in implementing and administering pilot project.** In order
30 to implement the pilot project, including determining participation by qualifying
31 employers, the department shall:

32 A. Develop qualifications and an application process for participation by employers
33 in the pilot project;

34 B. Advertise and promote the pilot project, including the tax credit, to employers in the
35 State, including making an application available through the department's publicly
36 accessible website;

37 C. Require a qualifying employer to submit an application to the department that
38 includes a detailed proposal by the employer to establish and implement a 4-day
39 workweek for at least 15 employees of that employer;

40 D. Require that a proposal submitted by a qualifying employer pursuant to paragraph
41 C:

(1) Describes the manner in which the qualifying employer will develop and implement a plan to transition its participating employees to a 4-day workweek; and

(2) Ensures that the proposal for a 4-day workweek for participating employees results in employees receiving a meaningful reduction in hours worked per week without any loss of pay, employment status or benefits;

E. Select qualifying employers for participation in the pilot project based on the proposals submitted pursuant to paragraph C. Additionally, in making the selection, the department shall make every effort to select qualifying employers of diverse size, occupation, industry sector and geographical location; qualifying employers that have both employees who are exempt from and who are subject to the federal Fair Labor Standards Act of 1938; and qualifying employers that are veteran-owned, women-owned and minority-owned businesses and businesses owned by individuals with disabilities;

F. Enter into a contract with each participating employer. The contract must require that a participating employer complies with the conditions of the pilot project and allows the department access to data necessary for the department to evaluate the effectiveness of the pilot project and compliance by the participating employer, including, but not limited to, surveys and interviews of participating employees, economic data and other information the department considers necessary;

G. Inform a qualifying employer that is a public sector employer that the public sector employer may participate in the pilot project if selected but is not eligible for the tax credit; and

H. Certify to the State Tax Assessor those participating employers that are eligible for the tax credit.

4. Participating employer duties. A participating employer shall:

A. Comply with the proposal submitted pursuant to subsection 3 upon which the participating employer was accepted into the pilot project, unless the department and participating employer mutually agree to modifications of the proposal;

B. Allow the department access to the participating employees of that participating employer;

C. Inform its participating employees of the conditions of the contract entered into with the department pursuant to subsection 3, paragraph F, including the requirement to provide the department access to the participating employer's data and to participating employees, and the ability of a participating employee to opt out of the data-gathering process by the department. Notwithstanding paragraph B, the participating employer does not have to allow the department access to a participating employee who opts out of the data-gathering process; and

D. Provide the department with access to data necessary for the department to evaluate the effectiveness of the pilot project, including, but not limited to, surveys and interviews of participating employees, economic data, key performance indicators as determined by the department and other information the department considers necessary.

1 **5. Evaluation of pilot project.** The department shall conduct an ongoing evaluation
2 of the pilot project to determine the efficacy and effect of transitioning to a 4-day
3 workweek.

4 A. The department shall gather participating employee and participating employer data
5 through the use of, without limitation, employee surveys and interviews, economic data
6 and other information pursuant to the schedule specified in paragraph B.

7 B. The department shall:

8 (1) Conduct surveys and interviews of participating employees at the start of a
9 participating employer's participation in the pilot project, 12 months after the start
10 of the participating employer's participation in the pilot project and at the end of
11 participation by the participating employer in the pilot project. The surveys and
12 interviews must include questions to track the health and wellness of participating
13 employees over the course of the pilot project. The department shall inform
14 participating employees that the surveys and interviews are voluntary and they may
15 choose to not participate;

16 (2) Conduct interviews of a participating employer at the start and end of
17 participation in the pilot project and no later than December 31st of each year for
18 the duration of the pilot project;

19 (3) Determine whether a participating employer is using artificial intelligence
20 technology and analyze that use, including any gains in efficiency and the effect
21 on employment by that participating employer, such as changes in the number of
22 employees and benefits provided to employees and any other metrics considered
23 relevant by the department; and

24 (4) Gather economic and administrative data from participating employers on a
25 monthly basis.

26 C. All participating employee data must be anonymized.

27 **6. Reporting.** Annually, not later than December 31st for the duration of the pilot
28 project, and no later than 60 days following the end of the pilot project, the department
29 shall publish a report on the progress of the pilot project on the department's publicly
30 accessible website. The department shall submit its reports to the joint standing committees
31 of the Legislature having jurisdiction over appropriations and financial affairs, taxation
32 matters, labor matters and economic and community development matters. The final report
33 must include, but is not limited to, the total number of participating employers; the size,
34 occupation, industry sector and geographical location of participating employers;
35 demographic information of participating employees, including, but not limited to, age,
36 gender and race; the economic and social effect of a 4-day workweek on the participating
37 employers; the effect of a 4-day workweek on the well-being and work life of participating
38 employees; and any findings or recommendations based on the research conducted on 4-
39 day workweeks.

40 **7. Rules.** The department shall adopt routine technical rules pursuant to the Maine
41 Revised Statutes, Title 5, chapter 375, subchapter 2-A to implement the provisions of this
42 section.

1 **Sec. 2. Tax credit for participating employers. Resolved:** That a participating
2 employer is entitled to a credit against taxes due under the Maine Revised Statutes, Title
3 36, Part 8 as provided in this section.

4 **1. Tax credit.** The Commissioner of Labor and the State Tax Assessor, for tax years
5 beginning on or after January 1, 2027, shall develop, pursuant to this subsection, a tax credit
6 for the duration of the pilot project for participating employers that are determined eligible
7 by the department for the tax credit.

8 A. The department shall determine criteria for eligibility for the tax credit including,
9 at a minimum, that the participating employer has:

10 (1) Participated in the pilot project for at least one year;

11 (2) Continued to comply with the proposal submitted by that participating
12 employer pursuant to section 1, subsection 3, paragraph C; and

13 (3) Submitted a report to the department detailing its transition to a 4-day
14 workweek, including compliance with data collection as described in section 1,
15 subsection 4.

16 B. The department, in consultation with the State Tax Assessor, shall determine the
17 amount of the tax credit based on one or more of the following:

18 (1) A fixed dollar amount for each participating employer;

19 (2) A fixed dollar amount for each participating employee;

20 (3) A percentage of the wages paid to each participating employee; or

21 (4) A dollar amount that assists in offsetting a participating employer's costs to
22 hire new employees due to the employer's participation in the pilot project.

23 C. The department shall develop an application process for the tax credit for a
24 participating employer and a process of certifying that participating employer's
25 eligibility for the tax credit to the State Tax Assessor.

26 D. The State Tax Assessor shall determine the process for applying the tax credit for
27 a participating employer certified by the department as eligible for the tax credit.

28 **2. Report.** The State Tax Assessor, in consultation with the department, no later than
29 March 1st annually for the duration of the tax credit, shall file a report with the joint
30 standing committees of the Legislature having jurisdiction over appropriations and
31 financial affairs, taxation matters, labor matters and economic and community
32 development matters on the tax credit. The reports must include, but are not limited to, the
33 total amount of tax credits claimed pursuant to this section; the number of applications for
34 the tax credit received; and the number of participating employers.

35 **3. Rules.** The department and the State Tax Assessor shall adopt routine technical
36 rules pursuant to the Maine Revised Statutes, Title 5, chapter 375, subchapter 2-A to
37 implement the tax credit, including the criteria for eligibility, the application process and
38 the amount of the tax credit.

SUMMARY

This resolve establishes the Four-day Workweek Pilot Project, administered by the Department of Labor, to promote, incentivize and support the use of a 4-day workweek by qualifying employers and to study the benefits and effects of a 4-day workweek on participating employees and employers. The pilot project is open to all private or public employers that have at least 15 employees, based on a selection process conducted by the department that ensures participation, as far as practicable, of qualifying employers of diverse size, occupation, industry sector and geographical location; qualifying employers that have both employees who are exempt from and who are subject to the federal Fair Labor Standards Act of 1938; and qualifying employers that are veteran-owned, women-owned and minority-owned businesses and businesses owned by individuals with disabilities.

The resolve specifies that at least 15 employees of a participating employer must participate in the pilot project. Those employees who participate must receive a meaningful reduction in hours worked per week without any loss of pay, employment status or benefits. The duration of the pilot project must be at least 2 years and no more than 4 years, as determined by the department.

On a regular basis, a participating employer is required to provide the department access to the employer's data and to the employer's participating employees, including through interviews and surveys, so that the department can determine the efficacy and effect of transitioning to a 4-day workweek. Participating employees may opt out of the interviews and surveys and any data gathered from employees must be anonymized.

The resolve establishes a tax credit for eligible employers participating in the pilot project. A participating employer that is certified as eligible, except for a public employer, is entitled to credit against income taxes owed by that employer in an amount determined by the department and the State Tax Assessor based on criteria such as a fixed dollar amount for each participating employer or a dollar amount that assists in offsetting a participating employer's costs to hire new employees due to the employer's participation in the pilot project.

Based on the information gathered, for the duration of the pilot project, the department is required to annually report to the joint standing committees of the Legislature having jurisdiction over appropriations and financial affairs, taxation matters, labor matters and economic and community development matters on the progress of and participation levels in the pilot project and submit a final report that details the economic and social effect of a 4-day workweek on the participating employers; the effect of a 4-day workweek on the well-being and work life of participating employees; and any findings or recommendations based on the research conducted on a 4-day workweek. The State Tax Assessor is also required to submit an annual report on the tax credit.