



Maryland Chamber of Commerce

Legislative Position

HB 430
OPPOSE

Economic
Matters
Committee
2/20/07

HB 430

State Procurement Contracts – Living Wage

Bill Summary: This bill would require employers under a State service contract of over \$100,000 to pay an hourly wage of at least \$11.95 per hour to their employees. Future wage levels would be indexed to inflation.

Chamber Position: The Maryland Chamber of Commerce opposes this bill. There is no reason for the State to inflate the wage rates of its service contracts above a level that is more appropriately set in the marketplace. At a time when there are already inadequate funds to pay for State procurements, this bill is inadvisable for the following reasons:

- The General Assembly addressed the issue of an appropriate minimum wage level in 2005 by increasing Maryland's minimum wage. It appears very likely that the federal minimum wage level will shortly be further increased.
- It is fiscally irresponsible to inflate State procurement costs by millions of dollars annually when the State currently has a structural deficit of over a billion dollars. No other state has enacted such a law.
- The fiscal note observes that the long-term effects of the bill could be significant, and that the bill could put small businesses at a competitive disadvantage in bidding for State contracts.
- The required wage rate of \$11.95 per hour equates to an annual salary of \$24,856. The State does not even pay its own State employees at that starting level for the first four pay grades. This inconsistency is addressed by the State and local governments being exempted out of the bill. Non-profit organizations are also exempted from the bill for no apparent policy reason.
- Creating a minimum, inflated wage rate of \$11.95 per hour undercuts the whole purpose of competitive bidding for contracts, which is to obtain the best service at the lowest price.
- Providing an employer penalty of one year in jail for violations of the bill is unprecedented and excessive.

(over)

For these reasons, the Maryland Chamber respectfully urges that this bill be given an unfavorable report.

Contact: Ronald W. Wineholt, rwineholt@mdchamber.org

State of Maryland Standard Salary Schedule

**State of Maryland
Standard Salary Schedule
Annual Rates Effective July 1, 2006**

GRADE									
	BASE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8
5	\$20,364	\$21,056	\$21,776	\$22,525	\$23,303	\$24,113	\$24,534	\$24,962	\$25,401
6	\$21,575	\$22,316	\$23,085	\$23,887	\$24,718	\$25,585	\$26,036	\$26,495	\$26,964
7	\$22,871	\$23,664	\$24,488	\$25,345	\$26,237	\$27,164	\$27,645	\$28,137	\$28,638
8	\$24,258	\$25,106	\$25,987	\$26,904	\$27,857	\$28,850	\$29,364	\$29,891	\$30,426