

PRINCE GEORGE'S COUNTY COUNCIL

COMMITTEE REPORT

2024 Legislative Session

Reference No.: CB-88-2024

Draft No.: 2

Committee: GOFP

Date: March 14, 2024

Action: FAV (A)

REPORT: Committee Vote: Favorably as amended 5-0 (Council Members Watson, Harrison, Dernoga, Franklin, Oriadha)

The Prince George's County Council's Government Operations and Fiscal Policy Committee convened on October 7, 2024, to consider **CB-088-2024** an act concerning **MINIMUM WAGE INDEXING**. This bill would index the minimum wage available in the County to the Consumer Price Index for all urban consumers (CPI-U). CB-088-2024 would, starting on July 1 of 2025, index the minimum wage for workers in the County by taking the average percentage growth of the Consumer Price Index for All Urban Consumers (CPI-U) for the past 12-month period, beginning March 1, 2025.

Council staff provided an overview of the legislation and the fiscal impact and noted that the County first enacted a phased minimum wage law in 2013 (CB-94-2013). The last increase in the minimum wage took place in 2017. No inflation indexing was provided at that time. In Maryland, the current standard minimum wage, as of January 1st, 2024, is \$15 per hour.

With enactment of this legislation beginning July 1, 2025, and each subsequent 12-month period, the minimum wage rate in effect for the immediately preceding 12-month period and the lesser of:

(A) The average percentage growth in the Consumer Price Index for the immediately preceding 12-month period, as determined by the Director of Finance or (B) five percent (5%).

The legislation provides for a Temporary Suspension of Minimum Wage Indexing Due to Negative Employment Growth. The County Council shall notify the Director of Finance that the minimum wage rate increases for the period beginning the following July 1 are suspended for one year.

To determine the fiscal impact, a projection of the minimum wage and comparable increases at the same rate to higher median hourly wages would need to be used to discover how the changes to the minimum wage would impact County employees with hourly wages. It would be necessary to have a complete list of all the salaries of County employees paid at an hourly rate in full-time-equivalent hours. Assuming the proposed legislation has a similar impact to Montgomery County's Bill 28-17, the financial effects would not be felt on County finances until FY 2027. This bill should not change any County revenues or expenditures in FY 2025 or FY 2026 by FY 27, fiscal impact would be close to \$1.3 million.

Council member Dernoga addressed concerns about the impact on the disability community and discussed the impact on the subsidy the County currently provides and the potential cost could be. The bill's intent is to create an impetus for the state to follow the counties that are indexing their minimum wage.

Council attorney Maddox reviewed an amendment on Line 8 of page 2 and on line 20 of page 2 adding the words for the Washington-Arlington-Alexandria area published by the Federal Bureau of Labor Statistics.

Council member Hawkins expressed support for the effort to work to ensure that no negative impact on the disability community and offered to work with CM Dernoga and other stakeholders.

Council member Oriadha stated on page 2, lines 11-20, regarding the cost, that a fail-safe is already built into the legislation.

Council Vice Chair Harrison expressed concerns about the cost.

Speakers:

Jibran
Eubanks
representing
SEIU spoke
in support?

Christopher Myer feels the legislation would guarantee long-term security and help the economy.

Ellen Valentino, representing Mid Atlantic Petroleum, which owns gas station convenience stores, expressed opposition.

Brendan Mahoney, representing the Restaurant Association, spoke in opposition.

Rian Dennis of Progressive Maryland spoke in support.

The Maryland Center on Economic Policy expressed support for CB-088-2024.

Amy Rohrer, representing the Hotel Association, spoke in opposition.

The Maryland Retailers Alliance and The Restaurant Association of Maryland expressed opposition to Council Bill 88 and stated that enactment would negatively impact businesses and is largely unnecessary due to the existing labor market issues in Maryland.

Vice Chair Harrison inquired about the impact on business, and staff shared new research listed in the Policy and Fiscal Analysis that shows concerns may be manageable according to research performed by the University of California at Berkeley's Center on Wage and Employment Dynamics.

Council member Dernoga inquired about changing the effective date and was informed that it would not be a substantive amendment.

The Office of Law has reviewed this legislation and finds it to be in proper legislative form with no legal impediments to its enactment.

After discussion, the Government Operations and Fiscal Policy Committee voted favorably 4-0 as amended on the bill.