

Legislative Recap - Fight for \$15

- This law specifies that an employee must be paid the greater of the federal minimum wage (\$7.25 or \$10.10 per hour)
- The wage bill is phased in by 2025 and longer for employers with 14 or fewer employees
 - **The employer of a tipped employee is allowed a tip credit that can be applied against the direct wages paid by the employer.**
 - **Employee can be paid tipping wages as long as the wages plus the tips received equal at least the minimum wage**
 - **The employee retains all tips, and the employee receives more than \$30 a month in tips**
 - **The tip credit increases as the minimum wage increases, and the wage paid by employers to tipped employees remains \$3.63, as long as their wages plus tips equal the minimum wage.**
- **Payroll service providers and restaurant trade groups and labor commissioner to adopt regulations for tip credits. Employers to provide tipped employees with wage statements for each pay period.**

\$15 Minimum Wage Law Key Points:

- The law does not apply to certain categories including those defined as:
 - Administrative executives,
 - Seasonal, part-time employees
 - Younger than 16 years of age,
 - Salesmen (those who work on commission)
 - Family employees (immediate family)
 - **Certain establishments that sell food & drink for on-premises consumption that has an annual gross income of \$400,000 or less**
 - Certain farm workers and employees who sell fresh fruits, vegetables, protein, etc.

The Negatives:

- Uncertainty
 - How would we afford to pay \$15 per hour?
 - Will we be expected to pay unqualified/poor performing employees the same as more qualified employees?
 - Will this create a decrease demand for labor?
 - Will there be an increase in inflation from employers passing higher employee cost onto the consumer?
 - Will there be a reduction in local competitiveness
 - Will businesses hire fewer low-wage workers in response to increase in minimum wage?
 - Will there be a reduction in hours worked?
 - Will this result in an increase in unemployment?

The Positives:

- Positive impact on economy
 - Increase in personal income
 - Decrease in employee turnover
 - Increase in local consumption
 - Higher labor force participation rates (more tax-payers)
 - Decrease in social welfare cost (**my question: what is being done legislatively to make this intentional?**)
 - Higher levels of technologies development, investment, productivity

What I learned in reading the Bill

- Payroll tax revenue from increased minimum wages support state and federal expenditures:
- The minimum wage increase will pay for community health service providers such as,
 - Developmental Disabilities
 - Behavioral Health – mental disorders – substance abuse
 - Medicaid and Maryland Children’s Health Programs
 - Nursing home services
 - Medical Daycare
 - Private Duty Nursing services
 - Personal Care Services
- I learned that there is built in flexibility in the law – the Board of Public Works may suspend an increase in the minimum wage rate if it determines that the year-over year adjusted total employment is negative.
- The Commissioner of Labor & Industry must adopt regulations in consultation with payroll service providers and Restaurant Industry trade group representatives to require tip credits
- **The employer of a tipped employee is allowed a tip credit that can be applied against the direct wages paid by the employer**

- **Employee can be paid tipping wages as long as the wages plus the tips received equal at least the minimum wage**
 - **The employee retains all tips**
 - **The tip credit increases as the minimum wage increases, and the wage paid by employers to tipped employees remains \$3.63, as long as their wages plus tips equal the minimum wage.**
- Effective June 1, 2019 businesses will no longer be able to pay 85% of the state minimum wage to employees between 18-20 years of age for the first six months of employment – this is prevalent in amusement and recreational establishments.
 - State government is not exempt from the minimum wage law
 - The law creates additional responsibilities and expenditures for DLLR’s Division of Labor due to additional workload requiring additional staff to handle the workload
 - Increasing minimum wage is a trend in other states – 29 states mandate a minimum wage higher than the federal minimum wage.
 - Other counties within the state of Maryland have passed this law:
 - Prince George’s County
 - Montgomery County

Businesses with 14 or more full-time permanent employees will need to understand the cost and benefits the \$15 an hour minimum wage law

Restaurant Employers and tip credit

- **Payroll service providers and restaurant trade groups and labor commissioner to adopt regulations for tip credits.**
 - **The employer of a tipped employee is allowed a tip credit that can be applied against the direct wages paid by the employer.**
 - **Employee can be paid tipping wages as long as the wages plus the tips received equal at least the minimum wage**
 - **The employee retains all tips, and the employee receives more than \$30 a month in tips**
 - **The tip credit increases as the minimum wage increases, and the wage paid by employers to tipped employees remains \$3.63, as long as their wages plus tips equal the minimum wage.**
- Employers to provide tipped employees with wage statements for each pay period
- Training wages no longer authorized for employees under 20 years of age (85% of state minimum wage)
 - Rule applies to employees under 18 years of age
 - State law – employees must be paid greater than federal minimum wage (\$10.10)
 - Employees of amusement parks, recreation establishments may pay \$7.25 or 85% of minimum wage