

HOUSE BILL 106

K3, P2

8lr0429

By: **Delegate Davis**

Introduced and read first time: January 16, 2008

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **State Procurement Contracts – Living Wage**

3 FOR the purpose of altering a certain minimum wage rate that contractors and
4 subcontractors under certain State contracts must pay to certain employees;
5 repealing certain definitions; repealing the requirement that certain individuals
6 in certain units of State government make certain determinations; altering the
7 requirements of a certain assessment that the Commissioner of Labor and
8 Industry must make; making certain conforming changes; making certain
9 stylistic changes; and generally relating to the living wage.

10 BY repealing and reenacting, with amendments,
11 Article – State Finance and Procurement
12 Section 18–101 through 18–103 and 18–104(c)
13 Annotated Code of Maryland
14 (2006 Replacement Volume and 2007 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article – State Finance and Procurement**

18 18–101.

19 (a) In this title the following words have the meanings indicated.

20 (b) “Commissioner” means the Commissioner of Labor and Industry.

21 (c) (1) “Employer” means a contractor or subcontractor that has a State
22 contract for services valued at \$100,000 or more.

23 (2) “Employer” does not include a contractor or subcontractor that:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (i) employs 10 or fewer employees; and
2 (ii) has a State contract for services valued at less than
3 \$500,000.

4 (d) “Living wage” means an hourly wage set as provided under § 18–103 of
5 this title.

6 [(e) “Tier 1 area” includes Montgomery County, Prince George’s County,
7 Howard County, Anne Arundel County, Baltimore County, and Baltimore City.

8 (f) “Tier 2 area” includes any county in the State not included in the Tier 1
9 area.]
10 18–102.

11 (a) (1) This title applies to an employee of an employer for the duration of
12 a contract subject to this title if at least one-half of the employee’s time during any
13 [work week] **WORKWEEK** relates to a State contract for services or a subcontract for
14 services under a State contract.

15 (2) This title does not apply to an employee of an employer if the
16 employee:

17 (i) is 17 years of age or younger for the duration of a contract
18 subject to this title; or

19 (ii) works less than 13 consecutive weeks for the duration of a
20 contract subject to this title and during that period works full time.

21 (b) This title does not apply to a contract:

22 (1) for services needed immediately to prevent or respond to an
23 imminent threat to public health or safety;

24 (2) with a public service company;

25 (3) with a nonprofit organization;

26 (4) between units; or

27 (5) between a unit and a county or Baltimore City.

28 (c) If the unit responsible for a State contract determines that application of
29 this title would conflict with any applicable federal program requirement, this title
30 does not apply to the contract or program.

1 [(d) The head of the unit responsible for a State contract subject to this title
2 shall determine if contract services valued at 50% or more of the total value of the
3 contract will be performed in the Tier 1 area or the Tier 2 area and shall provide that
4 determination on the invitation for a bid.]

5 18-103.

6 (a) Except as provided in subsection (c) of this section, an employer subject to
7 this title shall pay each employee covered under this title[:

8 (1) at least \$11.30 per hour[, if State contract services valued at 50%
9 or more of the total value of the contract are performed in the Tier 1 area; or

10 (2) at least \$8.50 per hour, if State contract services valued at 50% or
11 more of the total value of the contract are performed in the Tier 2 area].

12 (b) (1) Not later than 90 days after the start of each fiscal year, the
13 Commissioner shall adjust the wage [rates] **RATE** required under subsection (a) of this
14 section by the annual average increase or decrease, if any, in the Consumer Price
15 Index for all urban consumers for the Washington-Baltimore metropolitan area, or
16 any successor index, for the previous calendar year.

17 (2) If the Commissioner adjusts the wage [rates] **RATE** in accordance
18 with paragraph (1) of this subsection, the Commissioner shall publish the new wage
19 [rates] **RATE** on the Division of Labor and Industry's website.

20 (3) On request by any person, the Commissioner shall give the person
21 a printed copy of the new wage [rates] **RATE**.

22 (c) If an employer commits in its bid or proposal to provide health insurance
23 to an employee, either directly or through an employee representative, the employer
24 may:

25 (1) certify in its bid or proposal the hourly cost of the employer's share
26 of the premium for that insurance for each employee; and

27 (2) reduce the wage paid under subsection (a) of this section to any
28 employee covered by the insurance by all or part of the hourly cost of the employer's
29 share of the premium for each employee.

30 (d) The Commissioner may authorize, by regulation, an employer to reduce
31 the wage [rates] **RATE** paid under subsection (a) of this section by no more than 50
32 cents of the hourly cost of the employer's contribution to an employee's deferred
33 compensation plan.

34 18-104.

1 (c) The Commissioner every 3 years shall assess the appropriateness of[:

2 (1) the measures used to adjust the wage [rates] **RATE** under §
3 18-103(b) of this [subtitle] **TITLE** to ensure that the measures accurately reflect the
4 wage [rates] **RATE** of employees in the [Tier 1 area and Tier 2 area of the] State[; and

5 (2) the placement of counties in the Tier 1 area and Tier 2 area].

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 October 1, 2008.