

SENATE BILL 368

K3

8lr1289

By: **Senators McFadden, Conway, Currie, Kagan, Nathan-Pulliam, Oaks, Robinson, and Rosapepe**

Introduced and read first time: January 24, 2018

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Labor and Employment – State Minimum Wage Rate – Increase**

3 FOR the purpose of specifying the State minimum wage rate that is in effect for certain
4 time periods for certain employers; increasing, except under certain circumstances,
5 the State minimum wage rate in effect for certain periods of time based on annual
6 growth in the Consumer Price Index; requiring the Commissioner of Labor and
7 Industry, beginning at a certain time, to annually determine and announce the
8 growth in the Consumer Price Index, if any, and the new State minimum wage rate;
9 defining certain terms; and generally relating to the State minimum wage rate.

10 BY repealing and reenacting, with amendments,
11 Article – Labor and Employment
12 Section 3–413
13 Annotated Code of Maryland
14 (2016 Replacement Volume and 2017 Supplement)

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

17 **Article – Labor and Employment**

18 3–413.

19 (a) **(1)** [In this section, “employer”] **IN THIS SECTION THE FOLLOWING**
20 **WORDS HAVE THE MEANINGS INDICATED.**

21 **(2)** **“CONSUMER PRICE INDEX” MEANS THE CONSUMER PRICE INDEX**
22 **FOR ALL URBAN CONSUMERS FOR THE WASHINGTON–BALTIMORE METROPOLITAN**
23 **AREA OR A SUCCESSOR INDEX PUBLISHED BY THE FEDERAL BUREAU OF LABOR**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **STATISTICS.**

2 **(3)** **“EMPLOYER”** includes a governmental unit.

3 **(4)** **(I)** **“SMALL EMPLOYER”** MEANS AN EMPLOYER THAT:

4 1. **HAS AN ANNUAL GROSS INCOME OF \$400,000 OR LESS;**

5 **OR**

6 2. **EMPLOYS FEWER THAN 50 EMPLOYEES.**

7 **(II)** **“SMALL EMPLOYER”** DOES NOT INCLUDE AN EMPLOYER
8 **THAT IS PART OF A CHAIN OF ESTABLISHMENTS OPERATING UNDER THE SAME**
9 **BRAND NAME AND THAT IS:**

10 1. **AN INTEGRATED ENTERPRISE THAT OWNS OR**
11 **OPERATES TWO OR MORE ESTABLISHMENTS NATIONALLY; OR**

12 2. **AN ESTABLISHMENT OPERATED IN ACCORDANCE**
13 **WITH A FRANCHISE UNDER WHICH THE FRANCHISOR AND THE FRANCHISEES OWN**
14 **OR OPERATE TWO OR MORE ESTABLISHMENTS NATIONALLY.**

15 (b) Except as provided in subsection (d) of this section and § 3–414 of this subtitle,
16 each employer shall pay:

17 (1) to each employee who is subject to both the federal Act and this subtitle,
18 at least the greater of:

19 (i) the minimum wage for that employee under the federal Act; or

20 (ii) the State minimum wage rate set under subsection (c) of this
21 section; and

22 (2) each other employee who is subject to this subtitle, at least:

23 (i) the greater of:

24 1. the highest minimum wage under the federal Act; or

25 2. the State minimum wage rate set under subsection (c) of
26 this section; or

27 (ii) a training wage under regulations that the Commissioner adopts
28 that include the conditions and limitations authorized under the federal Fair Labor
29 Standards Amendments of 1989.

1 (c) (1) [The] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE
2 State minimum wage rate is:

3 [(1) for the 6-month period beginning January 1, 2015, \$8.00 per hour;

4 (2) for the 12-month period beginning July 1, 2015, \$8.25 per hour;

5 (3) for the 12-month period beginning July 1, 2016, \$8.75 per hour;

6 (4) (I) for the 12-month period beginning July 1, 2017, \$9.25 per hour;

7 [and

8 (5) (II) FOR THE 12-MONTH PERIOD beginning July 1, 2018, \$10.10
9 per hour;

10 (III) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2019,
11 \$11.25 PER HOUR;

12 (IV) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2020,
13 \$12.50 PER HOUR;

14 (V) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2021,
15 \$13.75 PER HOUR;

16 (VI) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2022,
17 \$15.00 PER HOUR; AND

18 (VII) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2023, AND
19 EACH JULY 1 THEREAFTER, THE RATE DETERMINED BY THE COMMISSIONER UNDER
20 PARAGRAPH (3)(II) OF THIS SUBSECTION.

21 (2) THE STATE MINIMUM WAGE RATE FOR A SMALL EMPLOYER IS:

22 (I) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2018,
23 \$10.10 PER HOUR;

24 (II) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2019,
25 \$10.70 PER HOUR;

26 (III) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2020,
27 \$11.30 PER HOUR;

28 (IV) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2021,

1 **\$11.90 PER HOUR;**

2 (V) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2022,
3 **\$12.50 PER HOUR;**

4 (VI) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2023,
5 **\$13.10 PER HOUR;**

6 (VII) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2024,
7 **\$13.70 PER HOUR;**

8 (VIII) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2025,
9 **\$14.30 PER HOUR;**

10 (IX) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2026,
11 **\$15.00 PER HOUR; AND**

12 (X) FOR THE 12-MONTH PERIOD BEGINNING JULY 1, 2027, AND
13 EACH JULY 1 THEREAFTER, THE RATE DETERMINED BY THE COMMISSIONER UNDER
14 PARAGRAPH (3)(II) OF THIS SUBSECTION.

15 (3) (I) BEGINNING JULY 1 OF THE YEAR AFTER THE STATE
16 MINIMUM WAGE RATE BECOMES \$15 PER HOUR FOR ALL EMPLOYERS SUBJECT TO
17 PARAGRAPHS (1) OR (2) OF THIS SUBSECTION, AND EACH JULY 1 THEREAFTER, THE
18 STATE MINIMUM WAGE RATE SHALL BE INCREASED BY THE AMOUNT, ROUNDED TO
19 THE NEAREST MULTIPLE OF 5 CENTS, THAT EQUALS THE PRODUCT OF:

20 1. THE STATE MINIMUM WAGE RATE IN EFFECT FOR THE
21 IMMEDIATELY PRECEDING 12-MONTH PERIOD; AND

22 2. THE AVERAGE PERCENT GROWTH IN THE CONSUMER
23 PRICE INDEX FOR THE IMMEDIATELY PRECEDING 12-MONTH PERIOD, AS
24 DETERMINED BY THE COMMISSIONER UNDER SUBPARAGRAPH (II)1 OF THIS
25 PARAGRAPH.

26 (II) BEGINNING OCTOBER 1 OF THE YEAR IN WHICH THE STATE
27 MINIMUM WAGE RATE BECOMES \$15 PER HOUR FOR ALL EMPLOYERS SUBJECT TO
28 PARAGRAPHS (1) OR (2) OF THIS SUBSECTION, AND EACH OCTOBER 1 THEREAFTER,
29 THE COMMISSIONER SHALL DETERMINE AND ANNOUNCE:

30 1. THE AVERAGE PERCENT GROWTH, IF ANY, IN THE
31 CONSUMER PRICE INDEX BASED ON THE IMMEDIATELY PRECEDING 12-MONTH
32 PERIOD FOR WHICH DATA IS AVAILABLE ON OCTOBER 1; AND

1 **2. THE STATE MINIMUM WAGE RATE THAT WOULD BE**
2 **EFFECTIVE FOR THE 12-MONTH PERIOD BEGINNING THE FOLLOWING JULY 1.**

3 **(iii) IF THE COMMISSIONER DETERMINES THAT THERE IS A**
4 **DECLINE OR NO GROWTH IN THE CONSUMER PRICE INDEX, THE STATE MINIMUM**
5 **WAGE RATE SHALL REMAIN THE SAME AS THE RATE THAT WAS IN EFFECT FOR THE**
6 **IMMEDIATELY PRECEDING 12-MONTH PERIOD.**

7 (d) (1) (i) Except as provided in paragraph (2) of this subsection and
8 subject to subparagraph (ii) of this paragraph, an employer may pay an employee a wage
9 that equals a rate of 85% of the State minimum wage established under this section if the
10 employee is under the age of 20 years.

11 (ii) An employer may pay to an employee the wage provided under
12 subparagraph (i) of this paragraph only for the first 6 months that the employee is
13 employed.

14 (2) (i) This paragraph applies only to an employer that is an
15 amusement or a recreational establishment, including a swimming pool, if the employer:

16 1. operates for no more than 7 months in a calendar year; or
17 2. for any 6 months during the preceding calendar year, has
18 average receipts that do not exceed one-third of the average receipts for the other 6 months.

19 (ii) An employer may pay an employee a wage that equals the
20 greater of:

21 1. 85% of the State minimum wage established under this
22 section; or

23 2. \$7.25.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 2018.