
Senate Bill 555

Date: 03/30/2023
Committee: Economic Matters
Bill Title: Fair Wage Act 2023
Re: **Letter of Support**

At the Department of Labor we work to benefit ALL Marylanders, by removing barriers, opening doors to opportunity, and supporting economic growth. This legislation helps to further those goals and makes economic sense for Maryland.

First, it benefits workers. One of workers' greatest concerns is keeping pace with inflation and rising costs. When workers struggle to make ends meet, they cannot focus on career advancement. Wages that keep up with inflation not only help workers to support themselves but also help provide the stability to stay in the workforce and to pursue greater opportunity.

It also benefits Maryland businesses. Higher minimum wages are associated with lower turnover and greater worker productivity. They also encourage people to return to the labor force, critical given the shortage we are facing. Employers have many tools and incentives to empower employees and reward them, not just wage increases. Increasing wages at this pace is relatively modest and it will mostly help lowest paid workers, which represents a small band of workers. Workers receiving these increases will immediately invest that money back into the local economy to pay for their basic needs, helping local businesses grow.

Finally, a strong minimum wage will help our state to stay competitive. By passing this legislation, Maryland will be keeping pace with leading states. 19 states + DC have already passed laws raising and indexing their minimum wages. This is also becoming the norm in our region, with nearly half of the mid-Atlantic population already living in states with such laws. We've seen no demonstrated negative employment effect: indeed, states with indexed minimum wages have, by some measures (GDP), grown faster in the past 5 years than non-indexing states.

For all of these reasons we believe an increased minimum wage will support a stronger and more competitive labor market, and we ask this committee for a **Favorable Report on Senate Bill 555**.