



**LEGISLATIVE POSITION:**

**Unfavorable**

**Senate Bill 555**

**Fair Wage Act of 2023**

**House Economic Matters Committee**

**Thursday, March 30, 2023**

Dear Chair Wilson and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,400 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

As introduced, Senate Bill 555 would have implemented a statewide \$15/hour minimum wage effective October 1, 2023 and included a CPI attachment. While SB 555 is still a significant alteration to the previously negotiated minimum wage phase-in, the Chamber was encouraged by the Senate Finance Committee's efforts to amend the legislation to better reflect the concerns of Marylanders and small businesses across the state by delaying implementation until January 1, 2024, and removing the CPI attachment. Despite these alterations to SB 555 as introduced, the Chamber still has some concerns about the potential effects of this legislation on Maryland's small business community.

As members of the committee will likely recall, during the 2019 minimum wage negotiation a separate phase-in was put in place for businesses with fewer than 15 employees compared to those with 15 or more employees. As amended, SB 555 does not take this difference into account. As a result, small businesses will experience a larger increase in labor costs than those with 15 or more employees. The current minimum wage for employers with less than 15 employees is \$12.80/hour, therefore, the jump to \$15/hour would represent a ~17% increase in labor costs compared to a ~13% increase for employers with 15 or more employees.

**The Maryland Chamber strongly urges the committee to consider phasing in the \$15/hour minimum wage one year later for those employers with less than 15 employees.**

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on SB 555.