



Central Maryland Chamber

The Center of Intelligent Business

Chamber Position Paper 2018 Legislative Session

The Central Maryland Chamber (CMC) is a regional chamber of commerce composed of over 550 businesses and non-profits primarily located in Anne Arundel County, Howard County, and Prince George's County. While the CMC has reviewed and taken a position on many pieces of legislation, the ones covered below are the ones most impactful to Central Maryland's business ecosystem.

HB 1: Labor and Employment – Maryland Healthy Working Families Act

**Note: Veto Override – Effective February 11, 2018.*

The CMC **OPPOSES** HB 1. The U.S. Bureau of Labor Statistics indicates that in Maryland's region (South Atlantic) the vast majority of private-industry businesses already have paid sick. This is because successful Maryland businesses know that their employees are their most important asset. The minority of businesses that do not have paid sick leave simply cannot afford it. Mandating an unaffordable policy could have negative repercussions that are more impactful than the expected benefits. This is especially true if this mandate forces businesses to layoff current employees, stop hiring new employees, or reduce employee hours. The CMC is opposed to over burdensome regulations, which will result in substantial punitive fines on businesses for honest errors, potential increases in consumer costs, potential layoffs, reductions in worker hours, reductions in hiring, and risks to the current benefits of the state's valued workforce.

HB62: Reporting Gender Wage Gap

The CMC **OPPOSES** HB62 and SB1010 because it appears to elevate issues related to sex discrimination more than any other (i.e. wage gap based on race). The bill require no information related to: 1) men and women performing equal work or 2) full-time/part-time status. This means data drawn from regulations will be incomparable and meaningless. The EEOC proposed similar wage reporting requirements and that rule was rescinded. Ultimately, putting these burdens on employers to push such information to an administrative agency will simply become a fishing expedition.

HB362: Income Tax - Subtraction Modification - Military Retirement Income

CMC **SUPPORTS** HB362 and SB312. The CMC supports the phase out state-tax on uniformed services' retirees' pay. Commendable incremental steps have been taken in recent years to increase the amount of such pay that may be exempted from state tax. Now it's time to take the final step and eliminate the tax altogether. Passage of this legislation will make Maryland more competitive with neighboring states that provide the exemption, such as New Jersey and Pennsylvania, and attract more highly skilled uniformed services women and men to seek second careers in Maryland upon retirement from military service. This particularly important to the Central Maryland Region which has thousands of open cyber positions that are critical to supporting the mission of Fort Meade.

HB512: Pay Scales and Wage History Information

The CMC **OPPOSES** HB512. Requiring employers to publish pay scales raises concerns about possible anti-trust claims. In fact, the FTC and DOJ even published guidance on this requirement as a viable, potential issue. There is no safe harbor barring any presumption of a violation when an employer discloses the pay range in an interview or asks an applicant if the range offered is acceptable to him/her and the candidate then voluntarily discloses his/her salary (history).

HB541: Ban the Box

The CMC **OPPOSES** HB541. The law would disadvantage employers that currently participate in voluntary programs, including tax incentives for hiring ex-felons (WOTC tax credits). This can also lead to varying requirements and confusion since it does not pre-empt Montgomery County, Prince George's County, and Baltimore City. The two counties prohibit inquiry before conclusion of the first interview and Baltimore City prohibits inquiry until after a conditional offer of employment is made; and each applies to different sized employers (10, 15 or 25 employees).

HB818: Corporate Income Tax – Rate Reduction

CMC **SUPPORTS** HB818. This bill reduces the corporate income tax rate from 8.25% to 8.00% for tax year 2019, 7.75% for tax year 2020, 7.50% for tax year 2021, 7.25% for tax year 2022, 7.00% for tax year 2023, 6.75% for tax year 2024, 6.50% for tax year 2025, 6.25% for tax year 2026, and 6.00% for tax year 2027 and beyond. A reduction in the tax rate will make us more competitive with neighboring states like Virginia (6.0%) and West Virginia (6.5%). It will increase the tax base and promote growth for the state economy by encouraging business leaders to invest back into their companies, rewarding their employees, and hiring more workers.



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HB974: EAP Exemptions

The CMC **OPPOSES** HB974. There are currently no more than 17 states that have “executive, administrative and professional” (EAP) regulations different from the federal government. The CMC opposes Maryland becoming the next state to join this dual system of exempt classification. In addition, while an increase to the Fair Labor Standards Act (FLSA) salary threshold may need further review, challenges arise if the increase is too high, implemented too quickly, or fails to consider fiscal, geographic and industry differences.

HB1227: Tax-Credit Commuter Benefits-Alterations

CMC **SUPPORTS** HB1227. The Central Maryland Region is not meeting the demand for skilled workers. An overloaded transportation network that leads to excessive traffic and difficult commutes further compromises worker retention. If we can’t increase capacity and build our way out of road congestion, we need to tackle demand. HB1227 encourages Maryland-based businesses to provide commuter benefits for employees by allowing them to claim a tax credit. The tax credit is 50% of the cost of providing the commuter benefits up to a maximum of \$100 per month (based on a \$200 employer contribution) for each employee. The key is that travel must take place in either a vanpool with minimum seating capacity, a mass transit vehicle (e.g. bus), or other qualified mass transit system (e.g. train). This approach will help take single occupancy cars off the road and reduce road demand.

HB1468: Transit-Job Access and Reverse Commute

CMC **SUPPORTS** HB1468. Establishing the Job Access and Reverse Commute Program in the Maryland Transit Administration; authorizing the Administration to make certain grants under the Program to certain providers for certain employment and commuter projects; providing for the distribution of funds under the Program; requiring the Administration to conduct certain solicitations before accepting grant applications under the Program; establishing a certain application process for a grant under the Program; etc.

SB43: High School Diploma by Examination – Eligibility Requirements – Exemption

CMC **SUPPORTS** SB43. This bill would establish a process for currently enrolled high school students to obtain a high school diploma by examination. Students would have the opportunity to take the examination twice a year in multiple locations throughout Maryland. Maryland needs a highly skilled labor force – this program helps Maryland achieve that goal. For those who would be blocked by a language barrier and did not see obtaining a high school diploma through the typical route as an option, this exemption can lead to better opportunities. Over 200,000 Marylanders lack a high school diploma or equivalent, and without such a degree they are often prevented from filling higher-skilled positions. SB43 offers students a more accessible path to completing their high school education, which will benefit CMC businesses and the overall State economy.

SB 304: Paid Sick Leave – Postpone Effective Date

**Note: Unfavorable Report – Economic Matters*

SB 304 is an emergency bill that postpones the effective date of the paid sick mandate. The Senate Finance Committee just voted to approve SB 304, which moves the effective date to July 1, 2018. We need to make sure SB 304 gets through the full Senate and the House so the Governor can sign it by this Saturday, February 10th. Without this bill, full compliance of the paid sick mandate begins February 11th (which is not sufficient time for our businesses to get in compliance).

SB543: Labor and Employment - Payment of the Minimum Wage Required

**Note: Several other minimum wage bills have the same effect.*

The CMC **OPPOSES** SB543. This bill increases the State minimum wage rate based on the annual growth in the Consumer Price Index. Maryland can learn from the recent example of Seattle. City officials voted three years ago to increase minimum wage up to \$15 an hour. The goal was to improve the lives of low-income workers, but new studies published by the National Bureau of Economic Research show that the hike has had the opposite effect. While the City is only gradually increasing the hourly minimum to \$15 over several years, many employers have already not been able to afford the increased minimums. They have cut payrolls, put off hiring, reduced hours, or let workers go. One particular study by a group of economists at the University of Washington who were commissioned by the City found that the costs to low-wage workers outweighed the benefits by a ratio of three to one.

SB1010: Sexual Harassment – Contractual Waivers

The CMC **OPPOSES** SB1010. We are concerned this bill elevates claims of harassment based upon sex above all other forms: race, religion, national origin, etc. We find all forms equally egregious. We also are concerned that this bill may violate the National Labor Relations Act by interfering with or restraining employees in the exercise of their Section 7 rights, since employees covered by a collective bargaining agreement are exempt. In addition, the bill’s reporting requirements that include 20 years’ history of information are onerous and the directive to the Commission to publicly disclose that information is inappropriate where past settlements are confidential.