

# Wage and Hour Defense Blog

Insight and Commentary on Wage and Hour Law Developments Affecting Employers

## Maryland's Montgomery County Joins Jurisdictions Increasing Minimum Wage to \$15.00

By Brian W. Steinbach on November 9, 2017

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Montgomery County, Maryland, where the minimum wage already is \$11.50, is set to join two states (California and New York), the neighboring District of Columbia and at least six local jurisdictions (Flagstaff (Arizona), Los Angeles, Minneapolis, San Francisco, San Jose, SeaTac and Seattle) that have enacted legislation increasing the minimum wage for some or all private sector employees to \$15 over the next several years.

On November 7, 2017 the Montgomery County Council unanimously passed **Bill 28-17**, which increases the minimum wage for “large employers” — those with 51 or more employees in the county — to \$15.00 by July 1, 2021, with intermediate increases to \$12.25 on July 1, 2018, \$13.00 on July 1, 2019, and \$14.00 on July 1, 2020.

The bill also increases the minimum wage to \$15.00 by July 1, 2023 for “mid-sized employers,” those who (1) employ 11 to 50 employees; (2) have tax exempt status under IRC Section 501(c)(3) of the Internal Revenue Code; or (3) provide “home health services” or “home or community based services,” as defined under federal Medicaid regulations and receive at least 75% of gross revenues through state and federal medical programs.

The bill additionally increases the minimum wage to \$15.00 by July 1, 2024 for “small employers” — those with 10 or fewer employee (including non-profits and Medicaid funded home health and home or community based service providers of that size) — with intermediate increases to \$12.00 on July 1, 2018, \$12.50 on July 1, 2019, \$13.00 on July 1, 2020, \$13.50 on July 1, 2020, \$14.00 on July 1, 2022 and \$14.50 on July 1, 2023.

Notably, the rates of increases is considerably slower than in the neighboring District of Columbia, which is already at \$12.50 and will reach \$15.00 on July 1, 2020 for all private sector employers.

In addition, the bill includes an “opportunity wage” that allows payment of a wage equal to 85% of the County minimum wage to an employee under the age of 20 for the first six months of employment.

The bill further adopts provisions to automatically adjust the minimum wage rate (1) for large employers annually starting July 1, 2022 to reflect average increases in the CPI-W for Washington-Baltimore for the previous year, and (2) for mid-sized and small employers starting July 1, 2024 and 2025, respectively, to reflect the same CPI-W increase for the previous year, plus one percent of the previous year’s required minimum wage, up to a total increase of \$0.50, until the rate is equal to the amount for large employers. An employer’s size is calculated as of the time it first becomes subject to the law, and it remains subject to the applicable schedule regardless of the number of employees employed in subsequent years.

In addition, the Director of Finance must make certifications by January 31 of each year from 2018 through 2022 regarding certain reductions in county private employment, negative growth in the gross domestic product, or whether the U.S. economy is in recession. If certain targets are for that year, for no more than two times.

The bill specifically addresses concerns the County Executive expressed in vetoing a prior version of the bill that passed by a narrow majority in January 2017, by postponing the prior effective dates for large and small employers by one and two years, respectively; increasing from 26 to 51 the number of employees required to be a larger employer; creating a new mid-size employer category of 11 to 50 employees and defining a small employer as one with ten or fewer employees; and adding non-profits and Medicaid funded home health and home health services providers with more than ten employees to the extended schedule for mid-size employers. The County Executive has stated that he will sign the bill.

Notably, it is likely that an effort will be made in the upcoming state legislative session to further increase the state minimum wage, already at \$9.25 and set to go to \$10.10 on July 1, 2018.

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