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March 25, 2019

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The Honorable Lawrence J. Hogan, Jr.

Governor of Maryland

State House

Annapolis, MD 21401

Dear Governor Hogan:

We write today to respectfully urge your veto of House Bill 166 and Senate Bill 280 passed by the Maryland General Assembly that would increase Maryland's minimum wage to \$15 per hour.

The debate surrounding the minimum wage is often framed as a fight between those who care about workers and those who do not. As is frequently true, the reality is far more complicated than that. We strongly believe this legislation will harm the very people it is designed to help.

We all want people to make more money, allowing them to provide for their families and achieve their goals. However we face a harsh reality that with this forced wage increase jobs will disappear, either because businesses reduce their number of employees to stay afloat, businesses relocate to another state, or businesses close altogether. Higher wages do not matter if the jobs themselves disappear.

At first glance, Marylanders support an increase in the minimum wage. However, this support wanes significantly when they are informed that jobs could disappear as a result of the increase.

We generally contend that government interference in the relationship between an employee and an employer should be minimal; we would hope, at the very least, that the concerns of both parties would be given equal weight. That has not been the case in the debate on minimum wage.

Our members have heard from business owners across Maryland imploring them to oppose this legislation. These citizens have waited hours to testify against this bill. We have seen them shed tears as they tell us how much they love their employees like family members, but fear they will have to lay off part of their workforce to retain others at this higher wage. The people who own these businesses are not the uber-wealthy; they are often working side-by-side with their employees in trying to carve out a better life for their families and live their version

of the American Dream. They're doing everything they can to keep their businesses afloat under seemingly endless attack of government overreach.

Every year, the General Assembly throws yet another burden on businesses. We have worked under a belief that the majority party in the General Assembly simply does not understand the impact these changes have to businesses, but it has become increasingly obvious that it is not that they do not understand, but rather that many of our colleagues simply seem not to care about the tremendously negative impact of their actions. That is terribly unfortunate.

This was driven home when, during the debate in the House, these job creators were accused of "crying wolf" and the response to legitimate small business concerns was: "If you're going to leave, leave. If you're going to close, close." No one advocating *for* the minimum wage increase was ever accused of "crying wolf" with respect to its policy implications. It is a travesty that the job creators in our state have been treated in such a contemptuous fashion.

In February, we held a roundtable discussion on the minimum wage with acclaimed Maryland economist Anirban Basu and business owners from around the state. While Mr. Basu believes there may be room to increase the minimum wage at some level, he concurs that this jump to \$15 is a significant one that businesses may not be able to absorb. While we have enjoyed a strong economy in recent years, there are indicators that a downturn is on the horizon. Forcing another wage increase at this time could very well push many family and small businesses that fuel Maryland's economy to cut hours, reduce staff, or even close.

Another critical issue that has been dismissed by the General Assembly is the fact that a jump to \$15 per hour would give our State the highest minimum wage in the region by a wide margin. In 2018 when Baltimore City Mayor Catherine Pugh vetoed a bill that would set the City's minimum wage at \$15, she cited concerns that employers would flee to surrounding jurisdictions and that it would worsen unemployment in the city. These concerns are on-point and every bit as valid for this statewide increase. Pennsylvania and Virginia have a minimum wage of \$7.25; West Virginia has a minimum wage of \$8.25; in October, Delaware's minimum wage will reach \$9.25. Our close proximity to these other states makes it both physically convenient and economically beneficial for some businesses to simply move across state lines taking their jobs and tax revenue with them. We will never be able to know the number of out-of-state businesses who decide to bypass expansion to Maryland altogether because of our high minimum wage.

The one-size-fits-all approach to this minimum wage increase is also very troubling. While economies in the Washington/Metropolitan area may be able to absorb a \$15 minimum wage, the same is not true for areas like Cumberland or Crisfield. We find it ironic that while rabidly advocating for "local control" on other issues, the General Assembly rejected the proposal to give local governments the authority to set their own minimum wage rates or produce a more sound regionalized approach to this complex issue.

All of the points herein, and numerous others, were argued strenuously by our members in Committee and on the floor of the House during the debate on this legislation. Nonetheless, the legislation has made its way to your desk. We all know the progress Maryland has made during your time as

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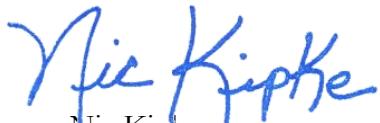
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Governor, including record-low unemployment and one of the greatest economic turn-arounds in our state's history.

We do not want to see Maryland's economy move backward. Therefore we respectfully urge your veto of House Bill 166 and Senate Bill 280.

Sincerely,



Nic Kipke  
Minority Leader



Kathy Szeliga  
Minority Whip