

Economic Impact Statement

Montgomery County, Maryland

Bill 34-23

County Minimum Wage – Wage Commission - Established

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that enacting Bill 34-23 would have no direct impact on economic conditions in the County in terms of the Council's priority indicators.

BACKGROUND AND PURPOSE OF BILL 34-23

Local jurisdictions can form advisory groups to help manage and enforce various aspects of local wage laws. For instance, in Prince George's County, the Wage Determination Board is comprised of four appointed community members who are responsible for "adopt[ing], establish[ing], repeal[ing], modify[ing], chang[ing] or amend[ing] schedules of prevailing hourly rates of wages to be paid to workmen and apprentices employed on certain public works."¹ In Baltimore City, the Wage Commission is comprised of five appointed community members who are responsible for "the administration and proper operation of the minimum, living, and prevailing wage laws, as well as enforcement of the Displaced Workers Protection law."²

The purpose of Bill 34-23 is to create a Wage Commission in the County. The Commission would be required to study wages and working conditions by industry and provide an annual report to the County Executive and County Council with recommendations related to minimum wages and working conditions in the County.³ The Wage Commission would be comprised of six community members who would be appointed by the County Executive and confirmed by the Council, including two representatives of organized labor, two representatives of industry, and two members of the public. Additionally, the County's Chief Labor Relations Officer or their designee would be required to serve as a member of the Commission. If established, the Wage Commission would join the broader group of over 80 Boards, Committees, and Commissions (BCCs) in the County.⁴

The Council introduced Bill 34-23, County Minimum Wage - Wage Commission - Established, on September 19, 2023.

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess the impacts of Bill 34-23 on County-based private organizations and residents in terms of the Council's priority economic indicators and whether the Bill would likely result in a net positive or negative impact on overall economic conditions in

¹ [Wage Determination Board](#).

² [Wage Commission](#).

³ [Introduction Staff Report for Bill 34-23](#).

⁴ [Board, Committees, and Commissions](#).

the County.⁵ By providing recommendations related to minimum wages and working conditions to the County Executive and County Council, the Wage Commission could have *indirect* effects⁶ on the Council’s priority indicators—in other words, effects on these indicators that are mediated by one or more variables like the Council’s willingness to adopt Commission recommendations. OLO cannot, however, predict the nature of the recommendations, nor the Council’s willingness to adopt them. For this reason, OLO anticipates that the Bill would have no *direct* impact on private organizations, residents, and overall economic conditions in the County in terms of the Council’s priority indicators.

VARIABLES

Not applicable

IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Not applicable

DISCUSSION ITEMS

Not applicable

WORKS CITED

[Board, Committees, and Commissions](#), Office of the County Executive, Montgomery County, Maryland.

[Introduction Staff Report for Bill 34-23](#), Introduced September 21, 2023.

Montgomery County Code, [Sec. 2-81B, Economic Impact Statements](#).

[Wage Determination Board](#), Prince George’s County, Maryland.

[Wage Commission](#), Office of Equity and Civil Rights, Baltimore City, Maryland.

CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative

⁵ Montgomery County Code, [Sec. 2-81B](#).

⁶ A direct causal effect is an effect on a variable that is not mediated by one or more variables.

process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.