

Speaker of the House  
State House  
Annapolis, Maryland 21401

Dear Speaker Busch:

In accordance with Article II, Section 17 of the Maryland Constitution, today I have vetoed House Bill 391 – *Labor and Employment – Minimum Wage – Increase* for the following reasons.

First, raising the minimum wage in Maryland without raising the federal minimum wage is a bad decision that elevates politics over economics and ultimately hurts the people it claims to help. Raising the minimum wage harms most severely those government should help the most – the least skilled and least educated in our workforce. In fact, more than half of minimum wage workers nationally are of high school or college-age, and minimum wage jobs for them are a means by which to enter the labor market and acquire skills necessary for career advancement.

Employers have few options to recover the increased costs imposed by government. They can either pass along these new costs to consumers or they can cut their costs by firing their employees. Given our close proximity to Pennsylvania, Virginia, and West Virginia, all of which still follow the federal wage rate, the State of Maryland would be at a competitive disadvantage when competing to attract and retain businesses. Likewise, Maryland employers would have higher labor costs than in neighboring states and would be at a significant competitive disadvantage when competing for new business.

This may most adversely affect small businesses, which often can only afford to pay their employees the minimum wage (or slightly above it) in order to stay in business. These Maryland small businesses do not have the resources to absorb yet another government mandate, and since their customers will be free to choose products from cheaper competitors located in neighboring states they will most likely have to fire employees to stay afloat.

Second, for the first time in Maryland history, the Legislative Branch is seeking to sever Maryland's minimum wage from the federal minimum wage. This action sets a dangerous precedent that disrupts the marketplace as businesses face the uncertainty of whether Congress, the General Assembly, or both will enact the next wage increase, or tackle any other business issue, such as mandating minimum spending on health care.

I believe that each working person deserves an appropriate wage that reflects his or her work, skill level, and productivity. Accordingly, I believe employment and education provide the necessary foundation for future success in life. Raising the minimum wage reduces employment opportunities for those who need it most, thereby limiting an individual's training, experience and skills. For the above stated reasons, I do not believe Maryland should break from its long history of respecting the federal government establishing a minimum wage. Accordingly, I have vetoed House Bill 391.

Very truly yours,