



THE VOICE OF MONTGOMERY COUNTY BUSINESS

MONTGOMERY COUNTY BILL 14-14:

**CONTRACTS AND PROCUREMENT – WAGE REQUIREMENTS –
HEALTH INSURANCE - AMENDMENTS**

FEBRUARY 25, 2014

OPPOSE

The Montgomery County Chamber of Commerce ("MCCC"), as the voice of Montgomery County business, opposes Montgomery County Bill 14-14, which amends Bill 5-02 to eliminate the health insurance credit and require County contractors subject to the Living Wage Law to provide health insurance or a cash equivalent for employees who work on the County contract. The MCCC believes that MC Bill 14-14 is being proposed at an inopportune time and has significant implementation implications that will be detrimental to the goal of creating more jobs in Montgomery County.

As we are all aware, there have been significant challenges at the federal and state level with regard to the roll out of the Affordable Care Act (ACA) and the introduction of health care exchanges. Problems still need to be fixed. Part of the interim remedy has been to extend the ACA implementation deadline for small businesses. Employer mandated health coverage imposes obstacles to the types of job creation we need in Montgomery County; that is, full time jobs at small businesses. Bill 14-14 exacerbates this very problem at a time when the systems are not in place to facilitate adoption of the new mandates.

The majority of businesses in Montgomery County are small businesses. The compliance and administrative burden of this amendment are particularly difficult for those companies both in terms of time and resources.

To further illustrate the point, the Wage Requirements bill makes clear that employees who work on a County contract receive a living wage. Unfortunately, it is not as clear cut when dealing with employee benefits. It is not possible when providing benefits like health insurance to differentiate among employees without violating federal law such as Employee Retirement Income Security Act (ERISA). So while the County may provide compensation in a contract for an employer to provide health insurance to the employee engaged in the County contract, the employer would be obligated to absorb costs for other employees not working on the contract. This highlights one of the many challenges in implementing this bill.

Gigi Godwin, President and CEO
Montgomery County Chamber of Commerce
51 Monroe Street, Suite 1800 Rockville, MD 20850
301-738-0015
www.montgomerycountychamber.com

The existing system of providing a credit to an employer who offers health insurance to an employee working on the County contract is an incentive to employers to provide health insurance at their business. It is unclear why Bill 14-14 eliminates this credit which is more straight forward to administer.

We appreciate that there are other pieces of existing and pending legislation that create set asides and even local preferences in the procurement process but it is unclear how those various pieces of legislation are designed to work with Bill 14-14. Ultimately, this legislation makes it more difficult for smaller businesses to compete for County contracts.

Lastly, it is important to note that at the present time, there are a number of bills being considered at the state level that may also have an impact on small businesses. The cumulative impact of these various initiatives and multiple pieces of new legislation, should they all pass, would suffocate businesses, stifle economic activity, and ultimately harm the people they are intended to help.

As highlighted in MCCC's 2014 Legislative Agenda, a vibrant economy is essential to the health and well-being of our county and state. Keys to a vibrant economy include: encouraging innovation, attracting and retaining employers and their employees, expanding global trade opportunities, maintaining an effective infrastructure, reducing hidden costs of doing business, retaining and expanding wealth for further investment, and implementing predictable and streamlined processes. We believe that this is not the time to impose more obstacles to job creation and that Bill 14-14 has significant negative implementation implications.

For these reasons, we request an **unfavorable report on Bill 14-14.**