

*Andrew Kleine*

<b>FROM</b>	NAME & TITLE	Andrew Kleine, Chief
	AGENCY NAME & ADDRESS	Bureau of Budget and Management Research City Hall, 469, 410-396-4941
	SUBJECT	City Council CCB11-0693 No.11-0693 Living Wage Exemptions

CITY of  
BALTIMORE  
**MEMO**



**TO**

DATE: June 9, 2011

Honorable President and  
Members of the City Council  
C/O Karen Randle  
Room 409, City Hall

This CCB11-0693 applies the elements of the federal wage exemptions for commission based employees to the City's Living Wage Law.

**Analysis**

The Department of Finance finds several issues with CCB11-0693- Living Wage Exemptions.

- It appears that CCB11-0693 would benefit only a small group of 73 employees of the Baltimore Hilton.
- The federal exemption is based on the federal minimum wage, which is lower than the Living Wage. It is the objective of the Living Wage to ensure that employees receive a salary that affords them the ability to maintain sufficiency. Because employees under the Living Wage already receive salaries in excess of the minimum wage, overtime pay at time and a half the Living Wage fulfills the objective of the Living Wage.
- CCB11-0693 will not increase employment and so has no economic impact on the City.

**Fiscal Impact**

Negotiations between the Baltimore Hilton and the Banquet Servicers Union are currently underway. The passage of this bill in conjunction with the union proposed contract would cost the Baltimore Hilton \$1.2 million dollars. This loss would likely result in the Baltimore Hilton drawing on the hotel occupancy tax pledge to support debt obligations. This would in turn reduce the amount of hotel occupancy taxes received by the City by \$1.2 million during a time when the City is facing a massive structural deficit.

**Recommendation**

The Department of Finance opposes the bill.

*unfav.*

RECEIVED  
JUN 9 2011  
BALTIMORE  
PRESIDENT