


**MEMORANDUM**

January 27, 2012

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Introduction:** Bill 4-12, Economic Development – Urban Renewal – Wage and Health Insurance Requirements

Bill 4-12, Economic Development – Urban Renewal – Wage and Health Insurance Requirements, sponsored by Councilmembers Riemer, Ervin, Rice and Elrich, is scheduled to be introduced on January 31, 2012. A public hearing is tentatively scheduled for March 13 at 7:30 p.m.

**Background**

Bill 5-02, Procurement – Service Contracts – Wage Requirements, was enacted by the Council on June 11, 2002 and signed into law by the County Executive on June 20, 2002. This law is codified at §11B-33A of the County Code. The Living Wage Law requires certain businesses which provide services (but not goods) to the County to pay employees working on a County contract a minimum living wage that was originally set at \$10.50 per hour effective July 1, 2003. The law requires the Chief Administrative Officer to adjust this rate each July 1 by the annual average increase, if any, in the Consumer Price Index for all urban consumers for the Washington-Baltimore metropolitan area. The current living wage is \$13.20 per hour. The Living Wage Law does not require employers to provide health insurance, but employers are given credit toward the wage rate for the cost of any health insurance provided.

Bill 4-12 would require an employer operating a large retail store on property for which grants in excess of \$100,000 are received from the Economic Development Fund to comply with the County Living Wage Law. The Bill would also require these employers to offer their employees health insurance that “includes coverage options that are reasonably comparable to the coverage options then available to County employees.” The Bill would also authorize the Council to require a large retail store located on property sold or leased by the County under an urban renewal plan to comply with the Living Wage Law plus health insurance as a condition of the sale or lease.

This packet contains:

Bill 4-12

Legislative Request Report

Circle #

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Bill No. 4-12  
Concerning: Economic Development –  
Urban Renewal – Wage and Health  
Insurance Requirements  
Revised: January 26, 2012 Draft No. 6  
Introduced: January 31, 2012  
Expires: July 31, 2013  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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By: Councilmembers Riemer, Ervin, Rice and Elrich

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**AN ACT** to:

- (1) require payment of certain wages and benefits by an employer operating a large retail store on property for which certain grants are received from the Economic Development Fund;
- (2) require payment of certain wages and benefits by an employer operating a large retail store located on property sold or leased by the County under an urban renewal plan; and
- (3) generally require the payment of certain wages and benefits by certain employers receiving direct or indirect financial assistance from the County.

By amending

Montgomery County Code  
Chapter 20. Finance  
Section 20-75  
Chapter 56. Urban Renewal and Community Development  
Section 56-10

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*

**Sec. 1. Sections 20-75 and 56-10 are amended as follows:**

**20-75. Use of Fund.**

\* \* \*

(f) (1) As used in this subsection, a large retail store means any business that:

(A) derives more than 50% of its revenue from the sale of goods directly to the public; and

(B) uses at least 75,000 square feet of retail space in a single location.

(2) With respect to each employee of a large retail store (including an employee of a contractor or subcontractor) whose primary worksite is located on the property for which the assistance is received, each recipient of assistance from the Fund, or of any other economic development financial assistance offered by the County, that cumulatively exceeds \$100,000, must:

(A) meet the wage requirements of Section 11B-33A, as if it were a covered employer under that Section; and

(B) offer health insurance that the Director finds substantially satisfies the criteria described in paragraph (3).

(3) The Director, based upon information submitted by the recipient of assistance, must find that:

(A) the health insurance offered includes coverage options that are reasonably comparable to the coverage options then available to County employees;

(B) the health insurance offered has a reasonable cost in light of the compensation range for each major category of employee; and

28 (C) more than 50% of each major category of employee has  
 29 opted to obtain employer-provided health insurance in the  
 30 current benefit year.

31 (4) In addition to any repayment requirements under this Section,  
 32 the enforcement provisions of Section 11B-33A(h) apply to  
 33 noncompliance with this requirement by a recipient of economic  
 34 development assistance.

35 **56-10. Powers and authority of Council generally.**

36 \* \* \*

37 (s) *Sale, lease, etc., of property acquired.*

38 (1) The Council may [To] sell, lease, convey, transfer or otherwise  
 39 dispose of or retain any [of such land or] property, [regardless of]  
 40 whether or not it has been developed, redeveloped, altered or  
 41 improved [and irrespective of the manner or means in or by  
 42 which] without regard to the way it [may have been] was  
 43 acquired, to any private, public or quasi-public corporation,  
 44 partnership, association, person or other legal entity.

45 (2) Any lease or rental agreement entered into [pursuant to] under  
 46 this Article, for any [of the purposes or objectives contemplated  
 47 by] purpose of this Article, [is hereby declared to] must be used  
 48 exclusively for business or commercial purposes. [and the] Any  
 49 fee, interest, rent, or charge [reserved to be paid shall] payable as  
 50 a result of the use of the property must not be [subject to  
 51 redemption] paid to [by] the lessee, tenant or their successors in  
 52 title, except [to the extent and in the manner set forth] as provided  
 53 in [such] the lease agreement.

- 54 (3) [Such] The Council may place [property shall be subject to such]  
 55 covenants, conditions and restrictions, including covenants  
 56 running with the land, [as the county Council may deem to be  
 57 necessary or desirable] to [assist in preventing] prevent the  
 58 development or spread of future slums or blighted areas or to  
 59 otherwise carry out the purposes of this Article.
- 60 (4) The purchasers or lessees and their successors and assigns [shall  
 61 be obligated to] must devote such real property only to the uses  
 62 specified in the urban renewal plan[,], and may be obligated to  
 63 comply with such] The Council may establish other requirements  
 64 on the use of the property, [as the county council may determine  
 65 to be in the public interest,] including:
- 66 (A) [the obligation to begin within a reasonable time]  
 67 beginning any improvements on such real property  
 68 required by the urban renewal plan within a reasonable  
 69 time; and
- 70 (B) complying with the wage requirements of Section 11B-  
 71 33A and the health insurance requirements of Section 20-  
 72 75(f), as if it were a covered employer under those  
 73 Sections, with respect to each employee of a large retail  
 74 store, as defined in Section 20-75(f)(1), (including an  
 75 employee of a contractor or subcontractor) whose primary  
 76 worksite is located on the property purchased or leased.
- 77 (5) Any sale or lease of [Such] real property [or interest therein shall  
 78 be retained, sold, leased, or otherwise transferred at not less than]  
 79 must be made at its fair value for uses in accordance with the  
 80 urban renewal plan. [In determining the] The fair value of real

81 property for uses in accordance with the urban renewal plan [,  
82 consideration shall be given to] must consider:

83 (A) the uses provided in such plan;

84 (B) the restrictions upon the use of the property, [and]  
85 including the covenants, conditions and obligations  
86 assumed by the purchaser or lessee or by the County  
87 [council] retaining property; and

88 (C) [and] the [objectives of such plan for the prevention of]  
89 need to prevent the recurrence of slum or blighted areas.

90 (6) The [conveyance to] Council may prohibit a private purchaser or  
91 lessee [may provide that such purchaser or lessee shall be without  
92 power to sell, or encumber, or lease, or otherwise transfer] from  
93 selling, encumbering, or leasing the real property without the  
94 prior written consent of the [county] Council.

95 \* \* \*

96 *Approved:*

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\_\_\_\_\_  
Roger Berliner, President, County Council Date

98 *Approved:*

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\_\_\_\_\_  
Isiah Leggett, County Executive Date

100 *This is a correct copy of Council action.*

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\_\_\_\_\_  
Linda M. Lauer, Clerk of the Council Date

## LEGISLATIVE REQUEST REPORT

Bill 4-12

*Economic Development – Urban Renewal – Wage and Health Insurance*

**DESCRIPTION:** This bill would require an employer operating a large retail store on property for which a grant of more than \$100,000 is received from the Economic Development Fund to comply with the County Living Wage Law and offer reasonable health insurance. The Bill would also permit the Council to place similar requirements on an employer operating a large retail store located on property sold or leased by the County under an urban renewal plan.

**PROBLEM:** County economic development funding does not always result in new jobs that provide an employee with a reasonable wage and benefits.

**GOALS AND OBJECTIVES:** Ensure that County economic development funds are only used to create jobs that provide an employee with a reasonable wage and benefits.

**COORDINATION:** DED Director, DGS Director

**FISCAL IMPACT:** To be requested.

**ECONOMIC IMPACT:** To be requested.

**EVALUATION:** To be requested.

**EXPERIENCE ELSEWHERE:** To be researched.

**SOURCE OF INFORMATION:** Robert H. Drummer, Senior Legislative Attorney, 240-777-7895

**APPLICATION WITHIN MUNICIPALITIES:** To be researched.

**PENALTIES:** Not applicable.

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