

EMPLOYMENT LAW SUMMARY

Maryland: Minimum Wage Laws



Because You're Different

The federal minimum wage law is governed by the Fair Labor Standards Act (FLSA). The current federal minimum wage rate is \$7.25 per hour for nonexempt employees. The Maryland Wage and Hour Law (MWHL) supplements federal law and, in some cases, imposes stricter requirements that employers must follow. When both federal and state laws apply, employers must follow the law that provides the greatest benefit or protection to employees.

The Division of Labor and Industry (DLI) of the [Maryland Department of Labor, Licensing and Regulation](#) enforces MWHL standards and investigates minimum wage violation claims throughout the state.

MINIMUM WAGE RATE

The MWHL requires employers to pay their employees either the state or the federal minimum wage rate, whichever is highest. Unless an exemption applies, any agreement to work for less than the applicable wage rate is void.

	Jan. 1, 2020	Jan. 1, 2021	Jan. 1, 2022	Jan. 1, 2023	Jan. 1, 2024
State of Maryland (15 or more employees)	\$11	\$11.75	\$12.50	\$13.25	\$15
(14 or fewer employees)	\$11	\$11.60	\$12.20	\$12.80	

The MWHL allows employers to pay employees who are under the age of 18 a wage rate as low as 85% of the applicable minimum wage rate.

TIPPED EMPLOYEES

In Maryland, the hourly minimum wage for tipped employees—also known as a cash wage—is \$3.63 per hour. A “tipped employee” is an individual who customarily and regularly receives at least \$30 per month in tips.

The MWHL allows employers to use a tip credit to reduce a tipped employee’s wage rate requirements. This is because the MWHL assumes that the employee’s tips will offset the difference between the cash wage and the minimum wage rate, enabling the employee to receive wages at or above the minimum wage rate.

The MWHL requires employers to subsidize a tipped employee’s wages each time the employee’s tips are insufficient to meet minimum wage rate requirements. Employers that want to use the tip credit must notify their employees upon hire that their wages are calculated using tips, a tip credit and a cash wage. Compulsory gratuity service charges, even when retained by the employee, are not considered tips.

DISABLED WORKERS

Traditionally, Maryland allowed some employers to pay a lower minimum wage rate to employees with disabilities. To qualify for this exemption, these employers had to obtain a certificate or an exemption from either the state or federal government.

However, since Oct. 1, 2020, the DLI no longer issues state certificates or exemptions for paying a lower minimum wage rate to employees with disabilities. This means that only employers with a federal certificate will be allowed to pay a lower minimum wage rate, and only if they:

- Have been authorized by the DLI before Oct. 1, 2016 to pay a lower rate to employees with disabilities; and
- Maintain, and comply with the stipulations on the federal certificate.

MINIMUM WAGE RATE EXEMPTIONS

Minimum wage requirements in Maryland do not apply to:

- Administrative, executive or professional employees;
- Certain agricultural employees;
- Employees in a drive-in theater;
- Employees under the age of 16 who work fewer than 20 hours per week;
- Employees who are engaged principally in the range production of livestock;
- Employees who are immediately related to their employer (child, parent, spouse or other immediate family member);
- Employees who are paid on commission;
- Employees whose employer engages in canning, freezing, packing or first processing of perishables or seasonal fresh fruits, vegetables or horticultural commodities, poultry or seafood;
- Employees working as part of the training in a special education program for emotionally, mentally or physically handicapped students in a public school system;
- Employees working in a café, drive-in, drugstore, restaurant, tavern or other similar establishment that:
 - Sells food and drink for consumption on the premises; and
 - Has an annual gross income of \$400,000 or less;
- Employees working in a non-administrative capacity at an organized camp;
- Hand-harvest laborers who are paid on a piece-rate basis, if a piece-rate basis is customary for that position, and the laborer:
 - Commutes to work daily from his or her permanent residence and worked in agriculture fewer than 13 weeks during the preceding calendar year; or
 - Is under the age of 17, works on the same farm as his or her parent or legal guardian and is paid at the same rate of an employee on the same farm who is at least 17 years old;
- Outside salesmen; and
- Volunteers working for a charitable, educational, nonprofit or religious organization, if there is no compensation for services and no employment relationship exists.

NOTICE AND POSTING REQUIREMENTS

Maryland law requires employers to display a poster informing employees of minimum wage regulations.

In addition, Maryland law requires employers to inform their employees of their rate of pay and other employment law matters at the time of hiring. However, the law does not prohibit an employer from increasing an employee's wage without advance notice.

RETALIATION

Employers may not hinder or delay a wage investigation or take adverse action against any employee who files a complaint, testifies or otherwise cooperates in an investigation. Adverse action includes discharging or demoting, threatening to discharge or demote or taking any other action which may be considered retaliation against the employee.

However, Maryland law protects employers against groundless or malicious complaints.

PENALTIES

Any violation of Maryland's minimum wage requirements is considered a misdemeanor, punishable by a fine of up to \$1,000.

In addition, employees can sue employers to recover unpaid wages. If the employee prevails, in addition to the wages, a court may order the employer to pay reasonable attorney fees and other costs.

MORE INFORMATION

Contact Heffernan Insurance Brokers for more information on wage payment and work hour laws in Maryland.

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