

EMPLOYMENT LAW SUMMARY

Maryland: Wage Payment Requirements



Because You're Different

Several federal laws regulate wage payments, including the Fair Labor Standards Act (FLSA), the Davis-Bacon Act and the Service Contract Act. In Maryland, the Wage Payment and Collection Law (WPCL) supplements federal law and establishes specific parameters that employers must follow when they pay their employees' wages. The Division of Labor and Industry (DLI) of the Maryland Department of Labor, Licensing and Regulation enforces WPCL standards and investigates violation claims throughout the state.

METHOD OF PAYMENT

Maryland law requires employers to pay wages in lawful United States currency by cash, check, direct deposit or prepaid debit card. Direct deposit and prepaid debit cards may be used only if the employer informs the employee in advance of any applicable fees associated with these types of payments and receives the employee's consent. The notice must be in writing, using at least a 12-point size font.

FREQUENCY OF PAYMENTS

Employers must pay wages either bi-weekly (every other week) or semimonthly (twice per month). Payments must be made on regular paydays. If the regular payday falls on a weekend or holiday, wages must be paid by the workday before the weekend or holiday.

ADVANCE NOTICE

The WPCL requires employers to provide written notice to their employees of their rate of pay, their leave benefits and the employer's regular pay dates at the time of hiring. In addition, employers must notify their employees of any changes in their wage rate or payday at least one pay period before the changes take place. The WPCL allows for an exception to this rule for employers that fail to notify employees of an increase in their wage rate.

STATEMENT OF WAGES (PAY STUB)

As of Oct. 1, 2024, each pay period, employers must provide their employees with a written statement of their gross earnings and deductions for that period. For each pay period, the employer must provide each employee with the following information on a physical pay stub or an online pay statement:

- The employer's name as registered with the state of Maryland, address and telephone number;
- The date of payment and the beginning and ending dates of the pay period for which the payment is made;
- The employee's number of hours worked during the pay period unless an employee is exempt from receiving overtime pay under federal or state law;
- The employee's rate of pay;
- The gross and net pay earned during the pay period;
- The amount and name of all deductions from gross wages;
- A list of additional bases of pay, including bonuses, commissions on sales, or other bases; and
- For each employee paid at a piece rate, the applicable piece rates of pay and the number of pieces completed at each piece rate

EMPLOYMENT SEPARATION

Employees who are separated from their employers, whether by discharge or voluntary resignation, are entitled to receive their outstanding wages by the next regular pay day.

WITHHOLDINGS AND DEDUCTIONS

Employers are authorized to make employee wage deductions only when the deductions are:

- Ordered by a court;
- Authorized in writing by the employee;
- Allowed by the DLI; or
- Otherwise authorized by any law, rule or regulation.

Common deductions authorized by law include taxes, union dues, FICA contributions, garnishments and court-ordered deductions such as child support. Common deductions authorized by employees include funds for employee participation in hospitalization and medical insurance plans, savings plans and deposits to financial institutions, stock purchases, charitable donations, retirement plans, supplemental retirement plans, loan payments, loan or wage advances, employer goods or services and employer equipment or property. These authorizations must be made through a valid and legal agreement. Employers must record each withholding with accuracy. In general, wage deductions and withholdings cannot reduce an employee's gross wages below the minimum wage rate, unless authorized by law. Employers may not derive any financial gain from wage deductions.

RECOVERY OF UNPAID WAGES

The DLI investigates wage payment violation claims. Employers are encouraged to solve unpaid wage claims through mediation before a lawsuit is filed against them. Employers that withhold an employee's wages without good reason (such as a bona fide dispute) may be ordered to pay up to three times the amount of unpaid wages, reasonable attorney fees and other costs.

PROHIBITED RETALIATION

State law allows employees to inquire about, discuss or disclose their wages. In addition, employers cannot require employees to sign a waiver or any other document that deprives them of their right to disclose or discuss their wages with others. As a result, employers cannot take any adverse employment action against any employee who:

- Inquires about the wages of another employee, and beginning Oct. 1, 2020, his or her own wages;
- Discloses his or her own wages;
- Discusses another employee's wages (if those wages were disclosed voluntarily);
- Asks the employer to provide a reason for the employee's wages; or
- Assists or encourages another employee to exercise his or her rights to inquire about, discuss or disclose their wages.

However, an employer may, in a written policy provided to each employee, establish reasonable workday limitations on the time, place and manner for inquiring about, discussing or disclosing employee wages. The policy may prohibit an employee from discussing or disclosing the wages of another employee without that employee's prior permission.

An exception to this prohibition may apply to an employee who has access to the wage information of other employees as a part of the employee's essential job functions, if the discussion or disclosure is in response to a complaint, investigation or proceeding.

Finally, Maryland law clearly states that the state's anti-retaliation law does not:

- Require an employee to disclose his or her wages;
- Reduce an employee's legal right to negotiate the terms and conditions of his or her employment;
- Limit the rights of an employee provided under any other provision of law or collective bargaining agreement;
- Obligate any employer or employee to disclose wages;
- Permit an employee, without the written consent of an employer, to disclose proprietary information, trade secret information or information that is otherwise subject to a legal privilege or protected by law; or
- Permit an employee to disclose wage information to his or her employer's competitor.

Additionally, under the state's equal pay law, an employer may not retaliate against or refuse to interview, hire or employ an applicant for:

- Not providing wage history;
- Requesting the wage range for the position for which the applicant applied; or
- Exercising any rights under the state's equal pay law

Subject to limited exceptions, employers are also prohibited from:

- Relying on an applicant's wage history in screening or considering the applicant for employment or in determining wages for the applicant; or
- Seeking the wage history for an applicant orally, in writing, or through an employee or an agent or from a current or former employer.

As of Oct. 1, 2024, employers are prohibited from retaliating against or refusing to promote or transfer an employee for not providing their wage history, requesting the wage range for the position sought or otherwise exercising their rights under the state's equal pay law.

PENALTIES

Employers that willfully violate the WPCL commit a misdemeanor, punishable by a **fine of up to \$1,000**. An employee that knowingly makes false representations to a DLI wage payment investigation commits a misdemeanor, punishable by a **fine of up to \$500**.

An employer that fails to provide employees with the required written wage statement may be liable for an administrative penalty of **up to \$500** for each employee who was not provided a pay stub or online pay statement in compliance with the law's requirements.

In addition, employers that withhold an employees' wages contrary to the WPCL may be ordered to pay **up to three times the amount of withheld wages, reasonable attorneys' fees, court costs and any other expense an employee may have incurred** to collect withheld wages.

MORE INFORMATION

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

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