

\$15 Minimum Wage Coming to Maryland

By Hayes Edwards

The “Fight for Fifteen” has landed a knock-out blow in Maryland. On March 28, 2019, the Maryland General Assembly overrode Gov. Larry Hogan’s veto of a bill that will increase the state’s minimum wage to \$15.00 by January 1, 2025. As listed below, the minimum wage will climb gradually each year for companies of all sizes.

Large Employers (15 or more employees)

Date	Minimum Wage
January 1, 2020	\$11.00
January 1, 2021	\$11.75
January 1, 2022	\$12.50
January 1, 2023	\$13.25
January 1, 2024	\$14.00
January 1, 2025	\$15.00

Small Employers (Less than 15 employees)

Date	Minimum Wage
January 1, 2020	\$11.00
January 1, 2021	\$11.60
January 1, 2022	\$12.20
January 1, 2023	\$12.80
January 1, 2024	\$13.40
January 1, 2025	\$14.00
January 1, 2026	\$14.60
July 1, 2026	\$15.00

These increases will not immediately impact businesses in Montgomery County or other local jurisdictions whose laws already mandate a higher minimum wage. Montgomery County in particular passed legislation in 2017 requiring large employers (51 or more employees) to scale to \$15.00 per hour by July 1, 2021, mid-sized employers (11-50 employees) to reach that rate by July 1, 2023, and small employers (10 or fewer employees) to pay a \$15.00 per hour minimum wage by July 1, 2024. So, Montgomery County employers will not be affected by the Maryland law at all. Currently, Prince George’s County requires all employers to pay a minimum wage of \$11.50 an hour but does not mandate any future

increases, which means that absent further legislation by Prince George's County, employers will be governed by the new Maryland rules effective January 1, 2021.

The new legislation also requires that restaurants with tipped employees provide a written or electronic breakdown every pay period, showing how much of each worker's compensation is attributable to wages versus tips. The Maryland Division of Labor and Industry will adopt rules governing these "wage statements," which must show all tips received per workweek as well as the rate of tips received per hour of work. The final version of the bill did not include an earlier provision eliminating the "tip credit," which would prevent tips received by hospitality workers from counting toward minimum wage.

All Maryland employers should take note of these changes and prepare accordingly. Even if a business considers its workers to be "salaried" or "independent contractors," the law might say otherwise. The penalties for noncompliance (even if well-intentioned) are severe.

The Employment Law Group at Paley Rothman can help your business identify which workers are required to receive the minimum wage and help implement a system that will not run afoul of the changing laws and regulations. All employers should regularly review their practices and procedures for compliance with State and Federal law, especially where any employees' wages are comprised of tips.