IMPORTANT NOTE

Please note: This document is for informational purposes only. Nothing in this document is to be construed as legal advice and is not to be used as a substitute for the advice of legal counsel. Please consult an attorney or other tax professional for advice concerning compliance with federal and state employment laws.
Payment of Wages – Minimum Wage

Presented by:

Matt Helminiak, Commissioner
Purpose
(Labor and Employment Article)

- Establishes a schedule of increases to the State minimum wage rate over several years at different rates for small employers and all other employers.
- Eliminates the reduced minimum wage rate for certain workers between 18 and 20 years of age during their first six months of employment.
- Eliminates the reduced minimum wage rate for employees in certain amusement, recreational, and swimming pool industries.
- Provides that employees under the age of 18 may be paid a reduced minimum wage.
Defining “Employer”

- “Employer” includes a governmental unit;

- “Small Employer” means an employer that employs 14 or fewer employees.
Minimum Wage Increases

- The bill increases the current minimum wage rate of $10.10 per hour for all employees covered under the wage and hour law to $11.00 per hour effective January 1, 2020.
- For regular employers, the bill increases the minimum wage rate by 75 cents per hour each year beginning January 1, 2021 until reaching $15 per hour on January 1, 2025.
- For small employers, the bill increases the minimum wage rate by 60 cents per hour each year beginning January 1, 2021 until reaching $15.00 per hour on July 1, 2026.
# Scheduled Minimum Wage Rates

<table>
<thead>
<tr>
<th>Year</th>
<th>Employer</th>
<th>Small Employer</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2020</td>
<td>$11.00</td>
<td>$11.00</td>
</tr>
<tr>
<td>January 2021</td>
<td>$11.75</td>
<td>$11.60</td>
</tr>
<tr>
<td>January 2022</td>
<td>$12.50</td>
<td>$12.20</td>
</tr>
<tr>
<td>January 2023</td>
<td>$13.25</td>
<td>$12.80</td>
</tr>
<tr>
<td>January 2024</td>
<td>$14.00</td>
<td>$13.40</td>
</tr>
<tr>
<td>January 2025</td>
<td>$15.00</td>
<td>$14.00</td>
</tr>
<tr>
<td>January 2026</td>
<td>$15.00</td>
<td>$14.60</td>
</tr>
<tr>
<td>July 2026</td>
<td>$15.00</td>
<td>$15.00</td>
</tr>
</tbody>
</table>
Suspension of Increase

• Beginning on or before October 1, 2020 and continuing October 1, 2024, the Board of Public Works (BPW) must determine whether the seasonally adjusted employment is negative for the previous 6 months compared to the immediately preceding 6 months.
• If the Board determines that the seasonally adjusted total employment is negative, the Board may temporarily suspend the increase.
• This provision can only be used one time and would not eliminate the increases, merely delay the subsequent increases by one year and if implemented extend to January 1, 2026 before the full $15 minimum wage is reached.
Changed/Deleted Exemptions:

- Effective June 1, 2019, this bill eliminates the reduced 85% minimum wage rate provided for employees under 20 years of age for their first six months of employment and for all employees working for certain amusement or recreational establishments, including swimming pools.
- All employees covered by the Minimum Wage law under 18 years of age may be paid a reduced wage rate that is 85% of the minimum wage rate in effect.
Exemptions That Still Apply

• Immediate family members of the employer
• Certain agricultural employees
• Certain executives, administrative, and professional employees
• Volunteers for educational, charitable, religious, and non-profit organizations
• Employees under 16 years of age working less than 20 hours per week
• Outside salespersons
• Commissioned employees
• Employees enrolled as trainees as part of a public school special education program
• Non-administrative employees of organized camps
• Certain establishments selling food and drink for consumption on the premises grossing less than $400,000 annually
• Drive-in theaters
• Establishments engaged in the first canning, packing or freezing of fruits, vegetables, poultry, or seafood
Restaurant Employers

- This bill also requires restaurant employers who utilize a tip credit to provide employees with a written or electronic wage statement.
- The wage statement must be for each pay period that shows the effective hourly tip rate as derived from employer-paid cash wages plus all reported tips for tip credit hours worked each workweek of the pay period.
**Minimum Wage Rates: Tipped Employees**

<table>
<thead>
<tr>
<th>Maryland:</th>
<th>PG County:</th>
<th>Montgomery County:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10.10</td>
<td>$11.50</td>
<td>(50-) $12.00</td>
</tr>
<tr>
<td>- $3.63</td>
<td>- $3.63</td>
<td>- $4.00</td>
</tr>
<tr>
<td>- $6.47</td>
<td>$7.87</td>
<td>$9.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Minimum Wage Rate</th>
<th>Required Employer Portion</th>
<th>Tip Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>(50+) $12.25</td>
<td>- $4.00</td>
<td>$8.25</td>
</tr>
</tbody>
</table>

- Tipped employees must earn the required minimum wage rate per hour.
- Employers must pay at least $3.63 per hour. (For Montgomery County workers, employers must pay at least $4.00 per hour.) This amount PLUS tips must equal at least the required minimum wage rate.