

# Maryland Wage Payment and Collection Law

“MWPC”

Md. Code, Lab. & Empl. Art., §§ 3-501 – 3-509

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**§ 3-501. Definitions**

- (a) In general. -- In this subtitle the following words have the meanings indicated.
- (b) Employer. -- "Employer" includes any person who employs an individual in the State or a successor of the person.
- (c) Wage. --
  - (1) "Wage" means all compensation that is due to an employee for employment.
  - (2) "Wage" includes:
    - (i) a bonus;
    - (ii) a commission;
    - (iii) a fringe benefit;
    - (iv) overtime wages; or
    - (v) any other remuneration promised for service.

**§ 3-502. Payment of wage**

- (a) Pay periods. --
  - (1) Each employer:
    - (i) shall set regular pay periods; and
    - (ii) except as provided in paragraph (2) of this subsection, shall pay each employee at least once in every 2 weeks or twice in each month.
  - (2) An employer may pay an administrative, executive, or professional employee less frequently than required under paragraph (1)(ii) of this subsection.
- (b) Paydays. -- If the regular payday of an employee is a nonworkday, an employer shall pay the employee on the preceding workday.
- (c) Form of payment. -- Each employer shall pay a wage:
  - (1) in United States currency; or
  - (2) by a check that, on demand, is convertible at face value into United States currency.
- (d) Printing Social Security number on employee's paycheck prohibited. --
  - (1) In this subsection, "employer" includes a governmental unit.
  - (2) An employer may not print or cause to be printed an employee's Social Security number on the employee's wage payment check,

an attachment to an employee's wage payment check, a notice of direct deposit of an employee's wage, or a notice of credit of an employee's wage to a debit card or card account.

- (e) Effect of section. -- This section does not prohibit the:
- (1) direct deposit of the wage of an employee into a personal bank account of the employee in accordance with an authorization of the employee; or
  - (2) credit of the wage of an employee to a debit card or card account from which the employee is able to access the funds through withdrawal, purchase, or transfer if:
    - (i) authorized by the employee; and
    - (ii) any fees applicable to the debit card or card account are disclosed to the employee in writing in at least 12 point font.
- (f) Void agreements. -- An agreement to work for less than the wage required under this subtitle is void.

### **§ 3-503. Deductions**

An employer may not make a deduction from the wage of an employee unless the deduction is:

- (1) ordered by a court of competent jurisdiction;
- (2) authorized expressly in writing by the employee;
- (3) allowed by the Commissioner because the employee has received full consideration for the deduction; or
- (4) otherwise made in accordance with any law or any rule or regulation issued by a governmental unit.

### **§ 3-504. Notice of wages and paydays**

- (a) Responsibility of employer. -- An employer shall give to each employee:
- (1) at the time of hiring, notice of:
    - (i) the rate of pay of the employee;
    - (ii) the regular paydays that the employer sets; and
    - (iii) leave benefits;
  - (2) for each pay period, a statement of the gross earnings of the employee and deductions from those gross earnings; and
  - (3) at least 1 pay period in advance, notice of any change in a payday or wage.

- (b) Wage increase. -- This section does not prohibit an employer from increasing a wage without advance notice.

### **§ 3-505. Payment on termination of employment; accrued leave**

- (a) In general. -- Except as provided in subsection (b) of this section, each employer shall pay an employee or the authorized representative of an employee all wages due for work that the employee performed before the termination of employment, on or before the day on which the employee would have been paid the wages if the employment had not been terminated.
- (b) Payment of accrued leave. -- An employer is not required to pay accrued leave to an employee if:
  - (1) the employer has a written policy that limits the compensation of accrued leave to employees;
  - (2) the employer notified the employee of the employer's leave benefits in accordance with § 3-504(a)(1) of this subtitle; and
  - (3) the employee is not entitled to payment for accrued leave at termination under the terms of the employer's written policy.

### **§ 3-506. Reciprocal agreements**

To collect wages that employers unlawfully withhold, the Commissioner may enter into a reciprocal agreement with a labor department or other similar unit that has jurisdiction in another state over wage collection.

### **§ 3-507. Enforcement**

- (a) In general. -- Whenever the Commissioner determines that this subtitle has been violated, the Commissioner:
  - (1) may try to resolve any issue involved in the violation informally by mediation;
  - (2) with the written consent of the employee, may ask the Attorney General to bring an action in accordance with this section on behalf of the employee; and
  - (3) may bring an action on behalf of an employee in the county where the violation allegedly occurred.
- (b) Award. --
  - (1) If, in an action under subsection (a) of this section, a court finds that an employer withheld the wage of an employee in violation of this subtitle and not as a result of a bona fide dispute, the

court may award the employee an amount not exceeding 3 times the wage, and reasonable counsel fees and other costs.

- (2) If wages of an employee are recovered under this section, they shall be paid to the employee without cost to the employee.

### **§ 3-507.1. Order to pay wages.**

- (a) Complaint. -- On receipt of a complaint for failure to pay wages that do not exceed \$ 5,000, the Commissioner shall:
  - (1) send a copy of the complaint to the employer alleged to have failed to pay wages; and
  - (2) require a written response to the complaint within 15 days.
- (b) Review and investigation; order to pay or dismissal. --
  - (1) The Commissioner:
    - (i) shall review the complaint and any response to it; and
    - (ii) may investigate the claim.
  - (2) On the basis of the review and any investigation, the Commissioner may:
    - (i) issue an order to pay wages under subsection (c) of this section if the Commissioner determines that this subtitle has been violated; or
    - (ii) dismiss the claim.
- (c) Order to pay wages; hearing. --
  - (1) The Commissioner may issue an order to pay wages that:
    - (i) describes the alleged violation;
    - (ii) directs payment of wages to the complainant; and
    - (iii) if appropriate, orders the payment of interest at the rate of 5% per year accruing from the date the wages are owed.
  - (2) The Commissioner shall send the order to pay wages to the complainant and to the employer at the employer's last known business address by both regular mail and certified mail, return receipt requested.
  - (3) Within 30 days after receipt of the order to pay wages, the employer may request a de novo administrative hearing, which shall be conducted in accordance with Title 10, Subtitle 2 of the State Government Article.

- (4) On receipt of a request for a hearing, the Commissioner shall schedule a hearing.
- (5) If a hearing is not requested, the order to pay wages shall become a final order of the Commissioner.
- (6)
  - (i) If a petition for review is not filed within 30 days of the issuance of the final order, the Commissioner may proceed in District Court of the county where the employer resides or has a place of business to enforce payment.
  - (ii) In a proceeding under this subsection, the Commissioner is entitled to judgment in the amount of the order to pay wages and any interest due on a showing that:
    1. the order to pay wages and interest, if any, was assessed against the employer;
    2. no appeal is pending;
    3. the ordered wages and interest, if any, are wholly or partly unpaid; and
    4. the employer was duly served with a copy of the order to pay wages and interest, if any, in accordance with this section.

### **§ 3-507.2. Action to recover unpaid wages**

- (a) In general. -- Notwithstanding any remedy available under § 3-507 of this subtitle, if an employer fails to pay an employee in accordance with § 3-502 or § 3-505 of this subtitle, after 2 weeks have elapsed from the date on which the employer is required to have paid the wages, the employee may bring an action against the employer to recover the unpaid wages.
- (b) Award and costs. -- If, in an action under subsection (a) of this section, a court finds that an employer withheld the wage of an employee in violation of this subtitle and not as a result of a bona fide dispute, the court may award the employee an amount not exceeding 3 times the wage, and reasonable counsel fees and other costs.
- (c) Liability for unpaid wages. --
  - (1) In this subsection, "construction services" has the meaning stated in § 3-901 of this title.
  - (2) In an action brought under subsection (a) of this section, a general contractor on a project for construction services is jointly

and severally liable for a violation of this subtitle that is committed by a subcontractor, regardless of whether the subcontractor is in a direct contractual relationship with the general contractor.

- (3) A subcontractor shall indemnify a general contractor for any wages, damages, interest, penalties, or attorney's fees owed as a result of the subcontractor's violation unless:
  - (i) indemnification is provided for in a contract between the general contractor and the subcontractor; or
  - (ii) a violation of the subtitle arose due to a lack of prompt payment in accordance with the terms of the contract between the general contractor and the subcontractor.

### **§ 3-508. Prohibited acts; penalties**

- (a) Prohibited acts of employer. -- An employer may not willfully violate this subtitle.
- (b) Prohibited acts of employee. -- An employee may not knowingly make to a governmental unit or official of a governmental unit a false statement with respect to any investigation or proceeding under this subtitle, with the intent that the governmental unit or official consider or otherwise act in connection with the statement.
- (c) Penalties. --
  - (1) An employer who violates subsection (a) of this section is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$ 1,000.
  - (2) An employee who violates subsection (b) of this section is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$ 500.

### **§ 3-509. Short title**

This subtitle may be cited as the Maryland Wage Payment and Collection Law.