

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 370
Economic Matters

(Delegates Rosenberg and Feldman)

Labor and Employment - Payment of Wages

This bill clarifies that employees must be paid the *full* wages owed to them during a pay period on all paydays that fall within a given year.

Fiscal Summary

State Effect: None. The change is clarifying in nature and does not directly affect governmental finances.

Local Effect: None. The bill does not apply to governmental operations.

Small Business Effect: Potential minimal.

Analysis

Current Law: Under the Wage Payment and Collection Law, each employer must set regular pay periods and, except in specified circumstances, must pay each employee at least once every two weeks or twice per month. Employers may not make unauthorized deductions from an employee's paycheck; the only allowable deductions are those ordered by a court of competent jurisdiction; authorized expressly by an employee; allowed by the Commissioner of Labor and Industry because the employee has already received due compensation; or otherwise made in accordance with any law, rule, or regulation issued by a governmental unit.

Employers must inform employees of their rate of pay, the regular pay schedule, and leave benefits. For each pay period, the employer must issue a statement of the employee's gross earnings and authorized deductions. Employees must be notified at

least one pay period in advance of any changes in pay schedule or wages. Employers are not required to compensate employees for their accrued leave under certain circumstances.

If a court of competent jurisdiction determines that an employer withheld an employee's wage unlawfully, the court may award the employee up to three times the amount of wages owed, counsel fees, and other costs. Employers who violate the State's Wage Payment and Collection Law are guilty of a misdemeanor and may be fined up to \$1,000.

The definition of employer in the State's Wage Payment and Collection Law does not include units of government.

Background: According to the Department of Labor, Licensing, and Regulation's (DLLR) Division of Labor and Industry, employers in the State sometimes pay only a portion of a wage owed to an employee due to disputes that arise as a result of disciplinary action or the termination of an employee. The bill clarifies that employers must pay the full wages owed to an employee at the end of each pay period, unless the employer is authorized to make a legitimate deduction.

The federal Fair Labor Standards Act authorizes, under specified circumstances, deductions for meals or lodging, tip credits, voluntary wage assignments, wage or vacation pay advancements, uniforms or uniform cleaning costs, employee-owed payroll taxes, union dues, court-ordered garnishments or statutorily required wage attachments, or cash shortages due to misappropriation.

According to DLLR, the bill may result in an increased number of inquiries received by the Division of Labor and Industry regarding the payment of wages and the State's Wage Payment and Collection Law. DLLR advises that the expected operational impact is small enough that it can be handled with existing resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Kent, Montgomery, Washington, and Worcester counties; cities of Baltimore and Rockville; Department of Budget and Management; Comptroller's Office; Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - February 8, 2010
ncs/mcr

Analysis by: Michael T. Vorgetts

Direct Inquiries to:
(410) 946-5510
(301) 970-5510