

**Department of Legislative Services**  
Maryland General Assembly  
2011 Session

**FISCAL AND POLICY NOTE**

House Bill 298  
Economic Matters

(Delegates Pena-Melnyk and Braveboy)

Finance

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**Labor and Employment - Wage Payment and Collection - Void Agreements**

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This bill amends the Maryland Wage Payment and Collection Law by specifying that an agreement between an employer and an employee to work for a pay rate that is less than the wage required by law is void and therefore nonbinding.

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**Fiscal Summary**

**State Effect:** None. The bill clarifies current law.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** In the State’s Wage Payment and Collection Law, “wage” is defined to mean all compensation that is due to an employee for employment. The definition specifies that a wage includes overtime pay, bonuses, commissions, fringe benefits, or any other remuneration promised for service.

The Wage Payment and Collection Law regulates the payment of wages by employers in the State. The law requires employers to pay workers the wage promised; establish regular paydays; pay wages when due; pay employees in a specified manner; pay employees at least once every two weeks, with exceptions; furnish employees with a statement of gross earnings; advise employees of their rate of pay and designated payday; and pay employees all wages due on termination of employment.

It is well established that the Wage Payment and Collection Law “does not concern the amount of wages payable but rather the duty to pay whatever wages are due on a regular basis and to pay all that is due following termination of the employment.” (*Friolo v. Frankel*, 373 Md. 501, 513 2003.)

The Maryland Wage and Hour Law is the State complement to the federal Fair Labor Standards Act of 1938. Under the Maryland Wage and Hour Law, employers are generally required to pay each employee at least \$7.25 per hour (the current federal minimum wage). Employers are required, with some exceptions, to pay an overtime wage of at least 1.5 times the usual hourly wage.

The Wage and Hour Law includes a provision identical to the bill that voids a work agreement for a wage less than what is required. Employers that pay or agree to pay an employee less than the wage required by the Wage and Hour Law are guilty of a misdemeanor and may be fined up to \$1,000. In addition, an employee may bring an action against an employer to recover the difference between the wage paid and the wage required under law.

Unless otherwise specified, the definition of employer in the State’s Wage Payment and Collection and Wage and Hour laws does not include units of government.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - February 11, 2011  
mlm/mcr

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