

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 385
Economic Matters

(Delegate J. Long, *et al.*)

Finance

Wage Payment and Collection - Pay Stubs and Pay Statements - Required
Information

This bill expands information that an employer must give to an employee for each pay period. The notice required under current law of the employee’s rate of pay, regular paydays, and leave benefits that an employer must provide to a new employee at the time of hiring must be a written notice. The Commissioner of Labor and Industry must create and make freely available to employers a pay stub template that employers may use to comply with the bill. The bill specifies enforcement provisions, which include authorizing the Commissioner of Labor and Industry to (1) issue orders to comply with the bill; (2) impose an administrative penalty of up to \$500 for each employee who was not provided a pay stub or online pay statement in accordance with the bill; and (3) bring an action to enforce the orders under specified conditions. An employer may request an administrative hearing under specified conditions.

Fiscal Summary

State Effect: The bill’s requirements can likely be absorbed within existing budgeted resources. The State is not subject to the Wage Payment and Collection Law as an employer. Revenues are not materially affected.

Local Effect: None. The bill does not apply to local governments as employers.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: An employer must give to each employee for each pay period, a written statement on the physical pay stub or the online pay statement that includes:

- the employer's name registered with the State, address, and telephone number;
- the date of payment and the beginning and ending dates of the pay period;
- the number of hours worked during the pay period, unless the employee is exempt from federal and State overtime requirements;
- the rates of pay;
- the gross and net pay earned during the pay period;
- the amount and name of all deductions;
- a list of additional bases of pay, including bonuses, commissions on sales, or other bases; and
- the applicable piece rates of pay and the number of pieces completed at each piece rate for each employee paid at a piece rate.

Current Law: Maryland's 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 or twice in each month, 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. Maryland Department of Labor's Division of Labor and Industry enforces the State's Wage Payment and Collection Law. Unless otherwise specified, the definition of "employer" in the State's Wage Payment and Collection Law does not include units of government.

At the time of hiring, an employer must provide a new employee with notice of the employee's rate of pay, regular paydays, and leave benefits. For each pay period, an employer must provide each employee with a statement of the employee's gross earnings and deductions. An employer must provide notice of any change in a payday or wage at least one pay period in advance, but an employer is not prohibited from increasing an employee's wages without advance notice.

The commissioner may investigate a violation of the Wage Payment and Collection Law only upon receipt of a written complaint by an employee. Whenever it is determined that the State's Wage Payment and Collection Law has been violated, the commissioner may (1) try to resolve the violation informally through mediation; (2) ask the Office of the Attorney General to bring an action on behalf of the employee; or (3) bring an action on behalf of the employee in the county where the violation allegedly occurred. Employers

who violate the State’s Wage Payment and Collection Law are guilty of a misdemeanor and may be fined up to \$1,000.

Small Business Effect: Small businesses may incur administrative costs to adjust their payroll reporting systems to provide and maintain the required specified information. If a small business does not meet payday notice requirements, an employer may be subject to an administrative penalty of up to \$500 for each employee who was not provided a pay stub or online pay statement in accordance with the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 38 (Senator A. Washington) - Finance.

Information Source(s): Office of the Attorney General; Comptroller’s Office; Judiciary (Administrative Office of the Courts); Maryland Department of Labor; Office of Administrative Hearings; Department of Legislative Services

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