

MARYLAND QUICK AND EASY GUIDE TO LABOR & EMPLOYMENT LAW

PROVIDED BY BAKER DONELSON

Disclaimer: These materials do not constitute legal advice and should not be substituted for the advice of legal counsel.

At-Will Employment

Maryland is an at-will employment jurisdiction; therefore, in the absence of an express contract, agreement, or policy to the contrary, either the employer or the employee may terminate the employment relationship with or without cause, and with or without notice. *Kramer v. Baltimore.*, 124 Md. App. 616, 633 (1999).

Exceptions

Maryland law recognizes several exceptions to the common law rule of at-will employment. Wrongful discharge is an exception to the common law rule of at-will employment. <u>Adler v. American Standard Corp.</u>, 291 Md. 31, 43 (1981). For this exception to apply, the terminated employee must prove: 1) they were terminated; 2) the dismissal violated a clear mandate of public policy; and 3) there was a nexus between the defendant and the decision to fire the employee. <u>Leese v. Baltimore County</u>, 64 Md. App. 442, 468 (1985).

Judicially recognized mandates of public policy in Maryland include circumstances where an employee has been terminated for exercising a specific legal right or duty, such as filing a workers' compensation claim, missing work due to jury duty or military service, refusing to work in an unsafe environment, and asserting their rights to be paid for overtime work or to be paid the state-mandated minimum wage. <u>Sears Roebuck v. Wholey, 139 Md. App. 642, 656 (2001)</u>. Terminating an employee for refusing to violate the law or engage in illegal activity at the direction of the employer also constitutes a violation of public policy according to Maryland law. <u>Id.</u>

Another exception to the common law rule of at-will employment is that employers may not fail, or refuse to hire, discharge, or otherwise discriminate against employees with respect to the employee's compensation, terms, conditions, or privileges of employment, on the basis of any of these protected traits:

- Race (including traits associated with a race, such as hair texture, afro hairstyles, and protective hairstyles, which include braids, twists, and locks);
- Color;
- Religion;
- Sex;
- Age;
- National origin;
- Marital status:
- Gender Identity;
- Genetic information, or refusal to submit to a genetic test;
- Sexual orientation; or
- Disability unrelated in nature and extent to the performance of the employment.

Md. Code, State Gov't § 20-606; Md. Code, State Gov't § 20-101.

The presumption of the at-will employment relationship may also be overcome by contract. <u>Towson v. Conte</u>, <u>384 Md. 68, 79-80 (2004)</u>. A contract between the employer and employee, whether express or implied, may create an employment relationship where the employee may only be terminated for just cause. <u>Id.</u> Furthermore, if an employer enters into a contract with an employee that specifies the length or duration of employment, that employer is presumed to have surrendered the right to terminate the employee at their own discretion without cause. <u>Id.</u>

Breastfeeding

In accordance with Maryland law, a mother may breastfeed her child in any public or private location in which the mother and child are authorized to be. Md. Code, Health-Gen. § 20-801. No individual may restrict or limit the right of a parent to breastfeed their child. Id.

Minimum Wage

For employers with at least 15 employees, Maryland's minimum wage is \$15.00. <u>Id.</u> For employers with up to 14 employees, the hourly minimum wage is \$13.40 as of January 1, 2024, and is set to rise to \$14.00 on January 1, 2025; \$14.60 on January 1, 2026; and \$15 on July 1, 2026. <u>Id.</u>

At least two localities have different minimum wage requirements from the statewide rate. For more information about the increase of Maryland's minimum wage by county, please see Maryland Minimum Wage and Overtime Law - Employment Standards Service (ESS) - Division of Labor and Industry.

Exceptions

In Maryland, a "tipped employee" is defined as an employee who is engaged in an occupation in which that employee customarily and regularly receives more than \$30 in tips monthly, who has also been informed of the statutory requirements, and who retains all of the tips they receive. MD Code Lab. & Empl. § 3-419(a).

The tipped-worker minimum hourly cash wage in Maryland is \$3.63. Md. Code, Lab. & Empl. § 3-419(c).

For an employee who regularly receives more than \$30 each month in tips and is informed by the employer about the tip credit provisions, an employer may apply a credit toward the hourly minimum wage due to the employee. https://www.dllr.state.md.us/forms/esstipinfobrochure.pdf.

The tipped-worker maximum tip credit for employers with at least 15 employees is \$10.37 as of January 1, 2024, and then will increase to \$11.37 on January 1, 2025, based on a tipped-worker minimum hourly cash wage of \$3.63. https://www.dllr.state.md.us/labor/wagepay/wptipped.shtml.

The tipped-worker maximum tip credit for employers with fewer than 15 employees is \$9.77 as of January 1, 2024, and will rise to \$10.37 on January 1, 2025; \$10.97 on January 1, 2026; and \$11.37 on July 1, 2026, based on a tipped-worker minimum hourly wage of \$3.63. <u>Id.</u>

Employees Under the Age of 18

An employer may pay an employee a wage that equals at least 85 percent of the state minimum wage if the employee is under 18 years of age. Md. Code, Lab. & Empl. § 3-413(d).

Smokina

In Maryland, smoking is prohibited throughout the entire indoor workplace. Md. Code, Lab. & Empl. § 5-608(a). Employers are required to ensure that the prohibition of smoking in an indoor workplace is enforced, and post signs at every entrance to the work site that state that smoking is not permitted. Md. Code Regs. 09.12.23.03. An "indoor place of employment" includes, but is not limited to:

- An indoor work area;
- A vehicle other than a private vehicle as used in Health-General Article, § 24-505(1), Annotated Code of Maryland, when an employee uses it in the course of employment;
- An employee lounge or restroom;
- A conference and meeting room;
- A classroom;
- A cafeteria operated by an employer for use by its employees;
- A hallway;
- A restaurant:
- A bar or tavern:
- A sleeping room in a hotel or motel; or
- An assembly, conference, convention, meeting establishment, or enclosed portion of the establishment.

Md. Code Regs. 09.12.23.01.

This regulation does not apply to private homes, residences, including residences used as a business or place of employment, unless being used by a person who is licensed or registered under Family Law Article, Title 5, Subtitle 5, Annotated Code of Maryland, to provide daycare or child care, establishments that engage primarily in the sale of tobacco and tobacco-related accessories, vehicles used in the course of employment occupied by one individual only and are not being used for the transportation of children, and smoking necessary to conduct scientific research conducted at an analytical or educational laboratory. Md. Code Regs. 09.12.23.02.

Child Labor

Maryland law places significant restrictions on the employment of minors. Work permits or special permits, are required for the employment of all minors under the age of 18. Md. Code, Lab. & Empl. § 3-205; Md. Code, Lab. & Empl. § 3-201. In addition, a minor may not work for more than five consecutive hours without a nonworking period of at least one-half hour in a calendar day and:

- The total school and work hours of a minor may not exceed 12 hours; and
- The minor shall have at least eight consecutive hours that are not school or work hours; and
 - The commissioner may grant to a minor an exception to the two restrictions above if the commissioner determines that there will be no hazard to the health or welfare of the minor.

Md. Code, Lab. & Empl. § 3-210.

A minor under the age of 16 may not be employed or allowed to be employed:

- before 7:00 a.m.;
- from the day after Labor Day through the day before Memorial Day, after 8:00 p.m.;
- from Memorial Day through Labor Day, after 9:00 p.m.; and
- more than (the following hours do not include any hours that a minor works in a bona fide work-study or student-learner program while school normally is in session):
 - 4 hours on a day when school is in session;
 - 8 hours on a day when school is not in session;
 - 23 hours a week when school is in session for five days; or
 - 40 hours in a week when school is not in session.

The commissioner may grant to a minor an exception to the restrictions if the commissioner:

- Receives written consent of a parent of the minor or a person standing in the place of the parents; and
- Determines that:
 - There will be no hazard to the health or welfare of the minor; and
 - Granting the exception will not impede the minor in fulfilling school graduation requirements.

Md. Code, Lab. & Empl. § 3-211.

Jury Duty

In Maryland, employers must allow employees to take unpaid leave to serve as jurors. Md. Code, Cts. & Jud. Proc. § 8-501. An employer may not deprive an individual of employment or coerce, intimidate, or threaten to discharge an individual because the individual misses work in responding to a summons or attending, or being in proximity to, a circuit court for jury service. Id. Moreover, an employer may not require an individual who is summoned and appears for jury service for four or more hours, including traveling time, to work an employment shift that begins:

- On or after 5:00 p.m. on the day of the individual's appearance for jury service; or
- Before 3:00 a.m. on the day following the individual's appearance for jury service.

Id. § 8-501(b).

A person who violates any provision of this section is subject to a fine not exceeding \$1000. <u>Id. § 8-501(c)</u>. An employer may not require an employee to use that employee's annual, sick, or vacation leave to respond to a jury summons. <u>Md. Code, Cts. & Jud. Proc. § 8-502(a)</u>.

Court Attendance Leave

Employers in Maryland must also allow employees to take unpaid leave to appear as witnesses in civil or criminal court proceedings, including discovery proceedings. Md. Code, Ct3s. & Jud. Proc. § 9-205(a). It is unlawful for an employer to terminate an employee for taking court attendance leave. Id. This law is applicable to both public and private employers. Id.

An employer may not deprive an employee of the employee's job solely because of job time lost by the employee as a result of the employee's attendance at a proceeding that the employee has a right to attend under § 11-102 or § 11-302 of the Criminal Procedure Article, or under § 3-8A-13 of this article. An employer that violates subsection (a) of this section may be fined not more than \$1,000. Md. Code, Cts. & Jud. Proc. § 9-205(b).

Drug Testing

Drug testing of job applicants and employees for a job-related reason is lawful in Maryland. Md. Code, Health-Gen. § 17-214. The term "job-related reason" refers to any alcohol or controlled dangerous substance testing used by an employer for a legitimate business purpose. Md. Code, Health-Gen. § 17-214(a)(6). Employers may test for alcohol and controlled, dangerous substances. Md. Code, Health-Gen. § 17-214(a)(2). Employers are generally required to pay the costs associated with testing unless an employee or applicant requests independent testing; in that event, the employee or applicant would then be required to pay the costs of testing. Md. Code, Health-Gen. § 17-214(e)(2).

If an employee or applicant tests positive for alcohol or controlled, dangerous substances, Maryland law imposes a duty on the employer to notify that employee or applicant. Md. Code, Health-Gen. § 17-214(c)(2). An employer must notify an employee or applicant of a positive result within 30 days of the test date. Id. The required notice must be provided either in person or by certified mail. Id.

The notice must include a copy of the test results, a copy of the employer's written policy on the use or abuse of controlled dangerous substances, and if the employer intends to take disciplinary action against the current employee, written notice of the action is also required. <u>Id.</u> Additionally, the employer must provide the employee with a statement or copy of the provisions of the statute permitting the employee to request independent testing of the same sample for verification of the test result. <u>Md. Code, Health-Gen. § 17-214(c)</u>.

Meal Breaks

Generally, Maryland law does not require employers to provide employees with meal or rest breaks. This general rule is subject to exceptions in the cases of retail employees and minors. Md. Code, Lab. & Empl. § 3-710; Md. Code, Lab. & Empl. § 3-210.

If a retail employee works a minimum of four hours in a single shift, their employer is required to provide that employee with a 15-minute nonworking rest break. § 3-710. During shifts of longer than six hours, an employer is required to provide a retail employee with a 30-minute nonworking break where the employee is completely relieved of their duties. Md. Code, Lab. & Empl. § 3-710(c). Employers are not required to pay their employees during the 30-minute nonworking breaks. Retail employees may elect to waive the 15-minute rest breaks but may not waive the 30-minute nonworking breaks. Id. If a retail employee has worked eight consecutive hours in a single shift, Maryland law imposes an additional 15-minute rest break for every additional four hours the employee works. Id.

Employers are required to provide minor employees with a 30-minute break before five hours of continuous work. § 3-210.

Voting Leave

Pursuant to Maryland law, if an employee is a registered voter, an employer is required to allow that employee a minimum of two hours absence from work on an election day to vote, as long as the employee does not otherwise have two hours off during the workday. Md. Code, Elec. Law § 10-315. An employer is required to pay the employee while taking voting leave. Id. If an employee has elected to take leave to vote, they must provide the employer with proof that they voted or attempted to vote on an official form prescribed by the state board. Id.

Final Wage Payments

Wage Payment at Termination

An employer must pay an employee all wages earned for work that the employee performed prior to termination or resignation on or before the day on which the employee would have been paid the wages if the employment had not ended. Md. Code, Lab. & Empl. § 3-505. If a court finds that an employer withheld an employee's wages, the employee may collect an amount not to exceed three times the unpaid wages, in addition to attorney's fees and other costs, Md. Code, Lab. & Empl. § 3-507(b).

Payment of PTO or Vacation at Termination

Under Maryland law, 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 (i.e., in the form of a written policy); and (3) the employee is not entitled to payment for accrued leave at termination under the terms of the employer's written policy. Md. Code, Lab. & Empl. § 3-505(b)(1).

Unclaimed Wages

Maryland applies the presumption that wages or outstanding payroll checks held or owing in the ordinary course of the employer's business that have gone unclaimed are considered abandoned property three years after the wages become payable. Md. Code, Com. § 17-308. If an employer is holding unpaid wages in excess of \$100, written notice must be provided to the employee by first-class mail no more than 120 days and no less than 30 days before filing the report required under Section 17-310. Md. Code, Com. § 17-308.2. The written notice must include the statement that the wages will be presumed abandoned unless the employee responds to the notice within 30 days of receipt. Md. Code, Com. § 17-308.2. If the amount of unclaimed wages is valued at less than \$100, the employer is not required to provide written notice to the employee. Id.

Parental Leave

In Maryland, public and private employers are required to grant up to six weeks of parental leave to employees for the birth, adoption, or foster placement of a child. Md. Code, Lab. & Empl. § 3-1202. Maryland's Parental Leave Act is applicable to eligible employees of an employer that employs 15 to 49 employees per workday during each of 20 or more calendar workweeks in the current or preceding calendar year. Md. Code, Lab. & Empl. § 3-1201(c). An employee is eligible for parental leave in Maryland if the employee has been employed by their employer for at least one year and has worked at least 1,250 hours during that one-year period. Md. Code, Lab. & Empl. § 3-1201(b)(2). An employee is not eligible for parental leave if they are an independent contractor or employed at a work site at which the employer employs fewer than 15 employees. Id.

An employer can require an employee to provide written notice of intent to take parental leave within 30 days of the date the employee is to take leave. Md. Code, Lab. & Empl. § 3-1203. However, in the case of a premature birth, unexpected adoption, or unexpected foster placement, the employee is not required to give prior written notice to their employer. Id. It is unlawful for an employer to terminate or otherwise discriminate against an employee for taking parental leave. Md. Code, Lab. & Empl. § 3-1209. Generally, an employee who is eligible for parental leave and returns to work is entitled to be restored to the position they previously held, or an equivalent position with equivalent pay and benefits. Md. Code, Lab. & Empl. § 3-1204. However, an employer may deny restoration of a position to an employee who has taken parental leave if the employer can demonstrate that restoring the employee to their prior position would cause substantial and grievous economic injury to their operations, and the employer notifies the employee of the intent of the employer to deny

restoration of the employee's position of employment at the time the employer determines that economic injury would occur. <u>Id.</u>

Sick and Safe Leave

Maryland's Healthy Working Families Act requires an employer to allow employees to accrue at least one hour of sick and safe leave for every 30 hours worked, up to a maximum accrual of 40 hours in a year. Md. Code, Lab. & Empl. § 3-1304.

Employees may take this leave to care for or treat their own mental or physical conditions; to care for a family member with a mental illness or condition; for maternity or paternity leave; to obtain preventive medical care for themselves or their immediate family members; and if the absence from work is necessary due to domestic violence, sexual assault, or stalking committed against the employee or the employee's family member, and the leave is being used for the employee or employee's family member to obtain:

- Medical or mental health attention that is related to the domestic violence, sexual assault, or stalking;
- Services from a victim services organization related to the domestic violence, sexual assault, or stalking;
- Legal services or proceedings related to or resulting from domestic violence, sexual assault, or stalking;
- during the time that the employee has temporarily relocated due to domestic violence, sexual assault, or stalking.

Md. Code, Lab. & Empl. § 3-1305.

For employers with 15 or more employees, the employee "sick and safe leave" must be paid at the same rate the employee normally earns; if an employer employs 14 or fewer employees, the employer must at least provide unpaid sick and safe leave. Md. Code, Lab. & Empl. § 3-1304. An employer may not be required to pay a tipped employee more than the applicable minimum wage for earned sick and safe leave. Id. Rules for calculating the number of employees as well as sick leave earned can be found within the statute. Additional information regarding the Act may be found here: www.dllr.state.md.us/paidleave/paidleavemodel.shtml.

Maryland employers have an obligation to notify eligible employees that they are entitled to sick and safe leave. <u>Id.</u> The Maryland Division of Labor and Industry has provided a poster and model notice for employers to use to ensure that they are in compliance with this requirement. The poster and model notice may be found at: Maryland Earned Sick and Safe Leave Employee Notice - Maryland Department of Labor.

If an employee has unused earned sick and safe leave at the end of each year, the employee may carry over the balance of the earned sick and safe leave to the following year. An employer may not be required to allow an employee to carry over more than 40 hours of earned sick and safe leave.

Md. Code, Lab. & Empl. § 3-1304.

Leave with Pay

An employee of an employer may use leave with pay to care for an immediate family member who is ill under the same conditions and policy rules that would apply if the employee took leave for the employee's own illness. Md. Code, Lab. & Empl. § 3-802(c). This section applies to an employer who provides leave with pay under the terms of a collective bargaining agreement or an employment policy; and employs 15 or more employees for each working day in each of 20 or more calendar weeks in the current or preceding calendar year. Md. Code, Lab. & Empl. § 3-802(b). An employee of an employer: (i) may only use leave with pay under this section that has been earned; and (ii) who earns more than one type of leave with pay may elect the type and amount of leave with pay to be used under this section. Md. Code, Lab. & Empl. § 3-802(e).

Paid Family Leave

Enacted on April 9, 2022, (MD Code Lab. & Empl. §§ 8.3-101 et seq.) and most recently amended on April 25, 2024, (2024 Chs. 266 and 267, SB 485 and HB 571), Maryland's Time to Care Act (TTCA) establishes a paid family and medical leave (PFML) insurance program. Contributions — which cannot exceed 1.2 percent of wages — are set to begin July 1, 2025. Starting July 1, 2026, covered employees may take up to 12 weeks of leave in a rolling 12-month period, with another 12 weeks possible for employees who experience a serious health condition and need to bond with a new child. The program will replace up to 90 percent of average weekly wages (subject to an initial \$50 minimum and \$1,000 maximum, adjusted annually thereafter). Covered employers must participate in the state program or comply with an approved private plan (insured, self-insured, or a combination). TTCA leave is in addition to the state's existing sick and safe leave under the Healthy Working Families Act, effective since 2018. For more information, visit: Maryland revises paid family and medical leave (mercer.com). In accordance with this Act, employers and employees will share in making contributions to the FAMLI fund to the Maryland Department of Labor, which will administer the fund.

The Act defines a covered employer as a "person" or "governmental entity" that employs one or more employees in Maryland. "Covered employee" is defined as an employee who has worked 680 hours or more during the 12-month period immediately preceding the first date leave is to begin.

The Act provides employees with up to 12 weeks of partial wage replacement for certain leave reasons. Beginning July 1, 2026, to be eligible for benefits, a covered individual who is taking leave from employment may submit a claim for benefits to care for or attend to:

- A newborn child or a child newly placed for adoption, foster care, or kinship care with the individual during the first year after the birth, adoption, or placement;
- A family member with a serious health condition:
- attend to a serious health condition that results in the individual being unable to perform the functions of the employee's position;
- A next-of-kin service member; or
- A qualifying exigency arising out of the employee's family member's deployment.

An employer must provide written notice to each employee of the employee's rights and duties under the Act at the time of hire and annually thereafter.

Flexible Leave

Under the Maryland Flexible Leave Act (MFLA), an employer with 15 or more employees that provides paid leave must allow an employee to use such earned paid leave to care for an immediate family member (child, spouse, or parent) who is ill, and for bereavement leave. Md. Code, Lab. & Empl. § 3-802.

Military Leave

If a member of an eligible employee's immediate family (i.e., a spouse, parent, stepparent, child, stepchild, or sibling) either departs or returns from active duty outside the United States, that employee is entitled to take leave on that day. Md. Code, Lab. & Empl. § 3-803. This law applies to public and private employers that employ 50 or more employees and are engaged in a business, industry, profession, trade, or other enterprise in Maryland. Id.

Right to Work

Maryland does not have a statute explicitly requiring union membership for an employee to obtain a job or remain employed. However, it is prohibited by law in Maryland for a prospective or current employer and a prospective or current employee to make any promises that require either party to join or remain a member of an employer or labor organization; not to join or remain a member of an employer or labor organization; or withdraw from a labor relation if the party joins or remains a member of an employer or labor organization. Md. Code, Lab. & Empl. § 4-304.

Unemployment Insurance

For an individual to be entitled to unemployment insurance benefits in Maryland, that individual must be unemployed through no fault of their own, have sufficient earnings in their base period, filed a claim for benefits with a Department of Labor Licensing and Regulation claim center, and be available for and actively seeking work. Eligible individuals are entitled to benefits for as many as 26 weeks. Individuals working less than full-time may be eligible for partial benefits if their regular work hours have been reduced. More information regarding unemployment insurance benefits in Maryland may be found at: https://www.dllr.state.md.us/employment/unemployment.shtml.

Workers' Compensation

In Maryland, all employers with one or more employees are required to obtain workers' compensation insurance for employees' on-the-job injuries and diseases that result in total or partial incapacity or death. Md. Code, Lab. & Empl. § 9-101 et seq. The Maryland workers' compensation provisions are applicable to all employers, whether private or public, that employ one or more employees. Id. For purposes of the Maryland Workers' Compensation Act, there is a general presumption that all employees are covered employees. An employer may overcome the presumption by proving that an employee is an independent contractor. Id. For an on-the-job injury to be compensable, the injury must result from a work-related accident, arise out of the course of employment, and arise in the course of employment. Id. Once an employee files a claim with the Maryland Workers' Compensation Commission, the commission may assess medical expenses, disability benefits, wage reimbursement, and death and funeral benefits to the injured employee or their family. Id.

Ban-the-Box Laws

Maryland employers may not, at any time before the first in-person interview, require an applicant to disclose whether the applicant has a criminal record or has had criminal accusations brought against them. Md. Code, Lab. & Empl. § 3-1503(a). During the first in-person interview with the applicant, an employer may require an applicant to disclose whether the applicant has a criminal record or has had criminal accusations brought against them. Id. However, Maryland's Ban-the-Box Law does not prohibit an employer from making an inquiry or taking other action that the employer is required to take or is expressly authorized to take by another applicable federal or state law; or apply to an employer that provides programs, services, or direct care to minors or to vulnerable adults. Md. Code, Lab. & Empl. § 3-1502.

General Contractor Liability for Unpaid Wages Act

Under Maryland's General Contractor Liability for Unpaid Wages Act, general contractors can be held jointly and severally liable if a subcontractor fails to adequately compensate its employees. Md. Code, Lab. & Empl. § 3-507.2(c). Wages withheld in Maryland may be subject to a penalty of up to three times the unpaid wage amount, plus attorneys' fees and costs that may be assessed to the general contractor. Id. The Act also provides for the indemnification of the general contractor for any wages, including penalties and fees by the subcontractor. Id.

Equal Pay and Pay Transparency

Under Maryland's Equal Pay for Equal Work Law, an employer may not discriminate between employees in any occupation by: (i) paying a wage to employees of one sex or gender identity at a rate less than the rate paid to employees of another sex or gender identity if both employees work in the same establishment and perform work of comparable character or work on the same operation, in the same business, or of the same type; or (ii) providing less favorable employment opportunities based on sex or gender identity. Md. Code, Lab. & Empl. § 3-304(b).

Maryland prohibits an employer from taking adverse employment action against an employee who inquires about, discusses, or discloses their own wages or the wages of another (if those wages have been disclosed voluntarily), or asks the employer to provide a reason for the employee's wages. Md. Code, Lab. & Empl. § 3-304.1(a)(3). Employees who have regular access to wage information are not protected by the law unless they obtain the wage information outside of their normal duties. Id. An employer may maintain a written policy establishing reasonable workday limitations on the time, place, and manner for inquiries about or the discussion or disclosure of an employee's wages. Id.

Immigration Verification
Maryland places no additional employment verification procedures on employers beyond federal I-9 compliance. www.uscis.gov/i-9.

BAKER DONELSON