

2026 Maryland Employment Law Guide

A Practical Reference for Small & Mid-Size Businesses

Prepared by

Solutions For Human Resources

(443) 808-0620

info@solutionsforhumanresources.com

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This guide is provided for informational purposes and does not constitute legal advice. Consult qualified counsel for specific situations.

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1. Maryland Wage and Hour Law

Maryland minimum wage increased to \$15.00/hr for all employers effective January 1, 2024. For 2026, the rate is adjusted annually based on CPI.

Overtime: Non-exempt employees must receive 1.5x regular rate for hours worked over 40 in a workweek. Maryland follows the FLSA framework but adds state-specific exemptions for certain agricultural and seasonal workers.

Tipped Employees: Employers may pay a tipped minimum of \$3.63/hr provided tips plus wages equal at least the full minimum wage. If not, the employer must make up the difference. Tip pooling is permitted among customarily tipped employees only.

Pay Frequency: Maryland requires at least semi-monthly pay periods. Final wages must be paid by the next regular payday after termination.

2. Maryland Healthy Working Families Act

Employers with 15+ employees must provide paid sick and safe leave. Employers with fewer than 15 must provide unpaid sick and safe leave.

Accrual: 1 hour per 30 hours worked, capped at 64 hours per year. Employees may carry over up to 64 hours of unused leave. Employers may frontload the full 64 hours at the start of the year.

Permitted Uses: Employee or family member illness, preventive care, domestic violence, sexual assault, or stalking-related needs. Employers may require documentation for absences exceeding 2 consecutive scheduled shifts.

3. Pay Transparency Requirements

Effective October 1, 2024, Maryland employers must disclose the wage range for a position in any public or internal job listing. The range must reflect the good-faith expected minimum and maximum compensation.

Employers must also provide a general description of benefits and other compensation offered. Upon request, employers must provide the wage range to applicants at any stage of the hiring process and to current employees offered a transfer or promotion.

Penalties: First violation is a written warning. Subsequent violations may result in fines up to \$600 per violation.

4. Maryland WARN Act

Maryland's Economic Stabilization Act requires employers to provide written notice before conducting a reduction in operations.

Coverage: Employers with 50+ employees at a single site.

Trigger: Layoff of 25+ employees over a 3-month period.

Notice: 60 days advance written notice to affected employees, the Maryland Dislocated Worker Unit, and the local chief elected official.

Continuation of Benefits: For layoffs of 25+ employees, the employer must continue health insurance coverage at the employer's expense for the length of the notice period, even if employment ends sooner.

Penalty: Employers who fail to provide proper notice may be liable for back pay and benefits for up to 60 days.

5. Family and Medical Leave

Federal FMLA: Employers with 50+ employees within 75 miles must provide up to 12 weeks unpaid leave for qualifying reasons (birth/adoption, serious health condition, military family leave).

Maryland FAMILI Program (Time to Care Act):

- Employer contributions began October 1, 2025
- Employee benefits available starting July 1, 2026
- Up to 12 weeks of paid leave (wage replacement)
- Applies to all employers with 1+ employees
- Funded through a 0.9% payroll contribution split between employer (0.45%) and employee (0.45%)
- Small employers (under 15) are exempt from employer share

Qualifying events: birth, adoption, foster care, serious health condition of employee or family member, military exigency.

6. Non-Compete and Non-Solicit Agreements

Effective October 1, 2019, Maryland prohibits non-compete clauses for employees earning equal to or less than \$15/hr or \$31,200/year.

As of 2026, the threshold has been adjusted to 150% of the state minimum wage (\$22.50/hr equivalent), broadening the prohibition.

For permitted non-competes:

- Duration must be reasonable (generally 1 year or less)
- Geographic scope must be narrowly tailored
- Must protect a legitimate business interest
- Non-solicit agreements are generally more enforceable

7. Anti-Discrimination and Harassment

Maryland Fair Employment Practices Act (FEPA) prohibits discrimination based on: race, color, religion, sex, age, national origin, marital status, sexual orientation, gender identity, disability, and genetic information.

Coverage: Employers with 15+ employees (1+ for harassment claims).

Employer Obligations:

- Adopt and distribute a written anti-harassment policy
- Provide training to all employees (recommended annually)
- Establish a complaint procedure with multiple reporting channels
- Investigate complaints promptly and thoroughly
- Take corrective action to prevent recurrence

Filing: Complaints must be filed with MCCR within 6 months of the alleged discriminatory act, or within 2 years for harassment.

8. Workplace Safety (MOSH)

Maryland Occupational Safety and Health (MOSH) enforces state and federal safety standards. Maryland is a state-plan state covering both private and public sector employers.

Requirements:

- Maintain a safe and healthful workplace
- Post MOSH informational poster in a conspicuous location
- Report fatalities within 8 hours
- Report hospitalizations, amputations, or eye loss within 24 hours
- Maintain OSHA 300 log (employers with 10+ employees)

9. Workers Compensation

Maryland requires nearly all employers to carry workers compensation insurance. Coverage must be obtained through a licensed insurer or through the Chesapeake Employers Insurance Company (state fund).

Key Points:

- Coverage begins on the first day of employment
- No minimum employee threshold (1+ employees = coverage required)
- Domestic workers, agricultural workers, and some corporate officers may be exempt
- Average weekly wage determines benefit amount (2/3 of AWW)
- Maximum weekly benefit for 2026: \$1,298 (subject to adjustment)

Penalties: Failure to carry coverage is a misdemeanor. Fines up to \$10,000 and/or imprisonment for up to 1 year.

10. Unemployment Insurance

Employers are subject to Maryland unemployment insurance tax on the first \$8,500 of each employee's wages per year.

2026 Rates:

- New employer rate: 2.6% (standard)
- Experienced employer range: 0.3% to 7.5% (based on claim history)
- Additional surcharges may apply for fund solvency

Filing: Quarterly reports due by the end of the month following the quarter (April 30, July 31, October 31, January 31).

New Hire Reporting: Employers must report new hires and rehires to the Maryland State Directory of New Hires within 20 days of hire.

11. I-9 Compliance and E-Verify

All U.S. employers must complete Form I-9 for every employee hired. Section 1 must be completed by the employee on or before the first day of employment. Section 2 must be completed by the employer within 3 business days of the start date.

E-Verify: Not currently mandated in Maryland for most private employers. Federal contractors may be required to use E-Verify. Monitor for changes as federal legislation evolves.

Retention: I-9 forms must be retained for 3 years after hire or 1 year after termination, whichever is later.

12. Record Retention Requirements

Maryland employers must maintain employment records as follows:

Payroll records 3 years
I-9 forms 3 years / 1 year post-term
Tax records (W-4, W-2, 1099) 4 years
FMLA leave records 3 years
OSHA injury/illness logs 5 years
Workers comp claims Duration of employment + 3 yrs
EEO-1 reports 3 years
Benefit plan documents 6 years after plan termination
Hiring/interview records 2 years

Best Practice: Implement a consistent records management policy and train managers on proper documentation and storage.

13. Key Compliance Deadlines for 2026

January:

- Jan 31 - Q4 2025 unemployment insurance filing due
- Jan 31 - W-2 and 1099 distribution deadline
- Jan 31 - OSHA 300A posting begins (through April 30)

March:

- Mar 31 - EEO-1 Component 1 filing opens (100+ employees)

April:

- Apr 30 - Q1 unemployment insurance filing due
- Apr 30 - Remove OSHA 300A posting

July:

- Jul 1 - Maryland FAMLII benefits become available
- Jul 31 - Q2 unemployment insurance filing due

September:

- Sep 30 - ERISA Form 5500 filing deadline (calendar-year plans)

October:

- Oct 31 - Q3 unemployment insurance filing due

November:

- Nov 1 - Open enrollment reminder for health plans

December:

- Dec 1 - ACA reporting preparation (1095-C)
- Dec 31 - Confirm updated minimum wage postings for 2027

Appendix A: Maryland Minimum Wage Schedule

2024-2025: \$15.00/hr (all employers)
2026: Adjusted by CPI (check md.gov for current rate)
Tipped: \$3.63/hr (tip credit applies)
Under 20: \$4.25/hr for first 90 days (FLSA training wage)

Appendix B: Required Workplace Postings

- Maryland Minimum Wage and Overtime Law
- Maryland Job Safety and Health (MOSH)
- Maryland Healthy Working Families Act (Earned Sick Leave)
- Maryland Anti-Discrimination Notice
- Maryland Unemployment Insurance Notice
- Maryland Workers Compensation Notice
- Federal FMLA Poster
- Federal FLSA (Wage and Hour) Poster
- Federal OSHA Safety Poster
- Federal EEO Poster (Know Your Rights)
- Federal USERRA (Military Rights) Poster
- Federal EPPA (Polygraph Protection) Poster

Appendix C: Resources and Agency Contacts

Maryland Dept. of Labor dllr.state.md.us
MD Commission on Civil Rights mccr.maryland.gov
MOSH (Workplace Safety) dllr.state.md.us/labor/mosh
Workers Comp Commission wcc.state.md.us
US Dept. of Labor dol.gov
EEOC eeoc.gov
USCIS (I-9/E-Verify) uscis.gov

Questions? Contact Solutions For Human Resources at (443) 808-0620
or visit solutionsforhumanresources.com for more resources.