



HR MANAGEMENT & COMPLIANCE, RECRUITING

Minimum Wage Increases Take Effect: What Employers Need to Know

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On July 1, workers across Maryland and Washington, D.C., saw changes to their minimum hourly rate. As workers continue to contend with the affordability crisis, two counties in Maryland and the District of Columbia are three of the more than 20 states and localities to increase the minimum wage this summer. While Maryland’s statewide minimum wage remains unchanged this summer, several local jurisdictions have implemented higher wage floors. Meanwhile, the district’s annual inflation-adjusted increase has taken effect for nearly all workers.

Maryland

Unlike previous years, Maryland’s statewide minimum wage will remain at \$15.00 per hour for all

employees. However, employers should be aware that several local jurisdictions have adopted higher minimum wages.

Montgomery County increased its minimum wage on July 1 for large, mid-size and small employers.

Large employers (51 or more employees) must now pay at least \$18.00 per hour while mid-size employers (11-50 employees) must pay at least \$16.50 per hour. Small employers (10 or fewer employees) must pay at least \$15.95 per hour.

These adjustments are a part of an annual increase that ensures the local minimum wage keeps pace with inflation and are based on an increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in the Washington, D.C., area.

Howard County now requires all employers to pay their employees at least \$16.00 per hour.

This comes after a change to the minimum wage for smaller employers (14 or fewer employees), raising the minimum rate from \$15.50 to \$16.00. The gradual wage increases are a result of a Howard County Council bill that mandated the minimum wage in Howard County gradually rise to \$16.00 per hour by January 1, 2026. Starting in January 2027, all increases will be set by the Consumer Price Index for All Urban Consumers (CPI-U).

Employers operating in multiple Maryland jurisdictions should review local ordinances carefully as county minimum wages may exceed the statewide rate.

Washington

Workers in the district are seeing another annual wage increase tied to inflation; on July 1, the minimum wage increased from \$17.95 to \$18.40 per hour for all employers, regardless of size.

The base wage for tipped employees also increased from \$10.00 to \$10.30 per hour. As under current law, employers must ensure that an employee’s combined hourly wages and tips equal at least the full minimum wage. If tips fall short, the employer is responsible for making up the difference.

The increase reflects a 2.4% rise in the CPI-U for the Washington metropolitan area, consistent with the district’s annual inflation adjustment requirements. Under the Fair Shot Minimum Wage Amendment Act of 2016, the city progressively increases the minimum wage each year pursuant to the CPI-U.

What Employers Should Know

The July 1 changes serve as an important reminder for employers to review payroll practices and ensure compliance with applicable wage laws.

Employers should:

- Verify that payroll systems reflect the correct minimum wage rates for each jurisdiction where employees work. If the wage increase falls in the middle of a pay period, ensure wages are reflected accurately.
- Update workplace minimum wage posters, particularly in Washington. Every employer subject to the provisions of the Wage Theft Prevention Amendment Act must display District of Columbia [minimum wage posters](#) in an area at the worksite where they are visible and accessible for all employees. These posters are provided by the Department of Employment Services.
- Review compensation for tipped employees to ensure total earnings continue to meet minimum wage requirements.
- Confirm compliance with local wage ordinances if employees work in counties with higher minimum wage requirements than the state minimum.

Businesses with employees working remotely or across multiple jurisdictions should also confirm which minimum wage laws apply based on where work is performed.

What Employees Should Know

Employees should expect to see any applicable wage increases reflected in pay for hours worked beginning July 1.

Workers who believe they are not being paid the correct minimum wage should:

- Review their pay stubs and hourly rates.
- Speak with their employer or human resources department if they believe an error has occurred.
- Review their rights in their respective jurisdictions and contact the appropriate state or local labor agency if the issue is not resolved.
 - [Washington Office of Wage-Hour for Employees](#)
 - [Maryland Minimum Wage and Overtime Law – Employment Standards Service \(ESS\)](#)

Employees should also remember that higher local minimum wages may apply, depending on where they work – even if the statewide minimum wage is lower.

The Bottom Line

As labor costs continue to evolve across the region, both employers and employees should stay informed about annual wage adjustments and local requirements to ensure compliance and accurate compensation.

Although Maryland’s statewide minimum wage remains unchanged, higher local rates now apply in Montgomery and Howard counties, and Washington’s annual inflation-based increase has raised both the standard minimum wage and the tipped-employee base wage. Employers should promptly confirm the correct rate for each work location, update payroll systems and workplace postings, review compensation for tipped employees, and pay special attention to employees who work remotely or across multiple jurisdictions. Employees in turn should review their pay stubs for hours worked on or after July 1 and raise any concerns with their employers or the appropriate labor agency if their pay does not reflect the applicable rate.

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