



February 19, 2026

Legislative Position: Unfavorable

House Bill 1016

Labor and Employment - Noncompete and Conflict of Interest Clauses - Employer Relocation

House Government, Labor, and Elections Committee

Dear Chair Wells and members of the committee:

Founded in 1969, the Howard Chamber of Commerce is dedicated to helping businesses—from sole proprietors to large international firms—grow and succeed. With the power of 700 members that encompass more than 170,000 employees, the Howard County Chamber is an effective partner with elected officials and advocates for the interests of the county's business community.

HB 1016 would render noncompete and conflict of interest clauses null and void for employees of an employer that, after having employed a majority of its workforce in Maryland, subsequently relocates or reorganizes such that the majority of its employees or its principal place of business is located outside the State.

Maryland law has already narrowed the enforceability of noncompete agreements, however, HB 1016 represents another substantial erosion of a businesses ability to protect legitimate business interests, particularly confidential information, client relationships, and proprietary strategies.

Our primary concern is practical and competitive. Even if a company relocates just over half of its workforce outside Maryland, it may still maintain a significant presence in the State. Employees who remain here could still be in positions to directly compete against their former employer, solicit customers, or leverage proprietary knowledge. Under HB 1016, those contractual protections would be stripped away solely because of a change in workforce distribution, regardless of the competitive realities on the ground.

Businesses frequently restructure or expand across state lines for economic or operational reasons. A decision to move part of a workforce should not automatically invalidate previously negotiated agreements, particularly when the company continues to operate in Maryland and remains exposed to in-state competition.

The fiscal analysis notes the bill may meaningfully affect small businesses. For small and mid-sized employers, client relationships and trade knowledge are often their most valuable assets. Removing tools to protect those assets may discourage investment and growth within Maryland.

For these reasons, the Howard County Chamber of Commerce respectfully requests an unfavorable report on House Bill 1016.

Sincerely,

Kristi Simon
President & CEO
Howard County Chamber of Commerce