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HB 1016 - Labor and Employment - Noncompete and Conflict of Interest Clauses - Employer Relocation

House Government, Labor, and Elections Committee

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SUPPORT

Donna S. Edwards

President

Madame Chair and members of the Committee, thank you for the opportunity to submit testimony in support of HB 1016. On behalf of our 700 affiliated unions, I offer the following comments.

Noncompete and conflict-of-interest clauses used to be reserved for high-level executives working with sensitive intellectual property. Today, they are imposed on workers across industries and different income levels, restricting their ability to find new employment and rebuild stability after job loss. These agreements can bar an individual from working in their field for a year or more, forcing workers to move, have long commutes, or leave their profession altogether.

The General Assembly took a necessary step in 2024 by passing HB 1388 which prohibited noncompete and conflict-of-interest clauses for certain veterinary and health care professionals. HB 1016 builds on this work by addressing employers who relocate out of Maryland but still attempt to enforce noncompete or conflict-of-interest clauses on the workers they leave behind. As the bill states, it applies to an employer that “relocates, reorganizes, or otherwise ceases to have the majority of its employees or its principal place of business located in the State.” When a company or business chooses to move its operations elsewhere, Maryland workers should not be restricted from seeking new employment in their communities.

This legislation protects Maryland’s workforce, supports economic mobility, and reinforces that noncompete clauses should never be used to trap workers in unemployment.

For these reasons, we urge a favorable vote on HB 1016.



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