

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 317
Economic Matters

**Recipients of Economic Development Assistance or State Contracts -
Certification of Compliance With State Labor Laws**

This bill requires specified State contractors and recipients of State economic assistance to certify annually, by July 1, that they are in compliance with specified State labor laws. Failure to submit the required certification, or to comply with adverse determinations or final judgments related to State labor laws, can result in the suspension of payments to the contractor or recipient.

Fiscal Summary

State Effect: In general, agencies can handle the bill's requirements using existing resources, as discussed below. No effect on revenues.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Relevant Definitions and Applicability

The bill applies to “covered recipients,” defined as (1) recipients of economic development assistance from the State totaling at least \$100,000 and (2) contractors with State contracts totaling at least \$250,000.

“Covered obligations” are requirements under the following State labor laws:

- employment of minors;
- equal pay for equal work;
- wage and hours (minimum wage);
- wage payment and collection;
- family leave; and
- workplace fraud.

The certification required by the bill must be signed by an authorized officer and certify that, to the signer’s knowledge after reasonable inquiry and in the preceding year, the covered recipient (1) was not the subject of a final adverse determination concerning a covered obligation and (2) is not currently failing to comply with any outstanding requirement under a prior final judgment or order concerning a covered obligation.

Submission of Certifications

In general, certifications must be submitted to the State agency or unit that administers economic development assistance or a State procurement contract. However, a certification may be submitted electronically through a State vendor or incentive portal designated by the Board of Public Works (BPW) or the Department of Commerce (Commerce). BPW may adopt a single-question model certification form and integrate filings into existing portals.

Consequences of Failure to File the Certification

If a covered recipient fails to file the certification, an agency must send a written notice that the covered recipient has 30 days to do so. If the covered recipient does not file the certification after the 30 days, the recipient is not eligible to receive payment of a State economic development grant, loan, loan guarantee, or tax credit until the certification is filed. Subject to specified exceptions, the agency must initiate a pause in payment that remains in effect until the certification is filed. If the certification is not filed because of a recipient’s failure to comply with a final adverse determination, prior final judgment, or order, the pause remains in effect until the later of (1) 12 months after the date of the most recent final adverse determination or (2) the covered recipient completes all required corrective actions and payments.

The bill does not require a covered recipient to reimburse any funds previously received or the termination of existing contracts. A pause is not considered a penalty, and the bill does not create a new audit program. The bill specifies penalties for willfully filing a false certification.

Agencies may publish a list indicating which covered recipients have complied with the certification requirement or are paused under the bill.

Current Law: There are no requirements in current law that a recipient of State economic development assistance or a State contract certify compliance with labor laws. Vendors responding to State procurement solicitations must certify with their bid or proposal that they are not in arrears in the payment of any obligation due to the State, including payment of taxes and employee benefits, and that they will not become in arrears during the term of the contract (if selected).

Employment of Minors

A “minor” is defined as an individual who is younger than 18. Subject to specified exceptions, a minor younger than 14 may not be employed, and a minor between the ages of 14 and 18 may not work for an employer unless the employer possesses a work or special permit for the minor. A parent or guardian may apply for a work permit from the Commissioner of Labor and Industry in the Maryland Department of Labor.

Equal Pay for Equal Work

An employer may not discriminate between employees in any occupation by paying a wage to an employee that is different than the wage paid to other employees if the difference in wages is based on race, religious beliefs, sex, gender identity, or sexual orientation. Similarly, an employer may not provide less favorable employment opportunities, as specified, to an employee based on sex, race, religious beliefs, sexual orientation, disability, or gender identity.

Minimum Wage

In general, and subject to specified exceptions, an employer must pay an employee the greater of the federal minimum wage (currently \$7.25 per hour) or the State minimum wage (currently \$15 per hour). An employer may pay an employee a wage that is equal to 85% of the State minimum wage if the employee is younger than 18.

Wage Payment and Collection

Each employer must (1) set regular pay periods and (2) pay each employee at least once every two weeks or twice per month. However, employers may pay administrative, executive, or professional employees less frequently. Employers must also make specified disclosures to employees regarding their rate of pay, regular pay days, and employee benefits.

Family Leave

If an employer provides leave with pay to an employee for the birth of a child, the employer must provide the same leave to an employee who adopts a child. Employers with 15 or more employees, as specified, must allow an employee to use leave with pay to care for an immediate family member who is ill under the same conditions and rules that apply when the employee takes leave with pay for his or her own illness.

Workplace Fraud

Employers in the construction or landscaping industries may not fail to properly classify an individual who performs work for remuneration paid by the employer. An employer fails to properly classify an individual when an employee-employer relationship exists under State law but the employer has not classified the individual as an employee. An employer-employee relationship is presumed to exist unless the employee is otherwise exempt or the employer demonstrates that (1) the individual who performs the work is free from control and direction over his or her performance; (2) the individual customarily is engaged in an independent business or occupation of the same nature as that involved in the work; and (3) the work is outside of the usual course of business of the person for whom work is performed or performed outside of any place of business of the person for whom work is performed.

State Expenditures: The bill generally requires agencies that administer economic assistance programs and State procurements to receive certifications from grantees and contractors. To the extent that they do not receive the certifications, they are authorized to pause payments to the grantees or contractors. Affected agencies can likely carry out these tasks with existing resources.

As the bill does not authorize cancellation of grants or contracts, it is unlikely that the State recognizes any savings from reduced expenditures in the event that grantees or vendors do not submit the required certifications and have their payments paused. To the extent that a vendor or grantee is unable to complete the work for which they are being paid due to noncompliance, it is assumed that resources dedicated to their grants or contracts are redirected to other grantees or contractors.

The bill authorizes Commerce and BPW to designate an electronic portal for the submission of the required certifications. Both agencies advise that they do not currently operate any such portals and do not anticipate developing them. Therefore, there are no costs associated with that provision in the bill. Grantees and contractors can submit the required certifications using other means, including email.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced in the last three years.

Designated Cross File: None.

Information Source(s): Department of Information Technology; Department of Housing and Community Development; Maryland Technology Development Corporation; Department of Commerce; Maryland Department of Labor; Department of Natural Resources; Board of Public Works; Maryland Department of Transportation; Department of Legislative Services

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