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Delegate Kriselda Valderrama, Chair
House Economic Matters Committee
Room 231
House Office Building
Annapolis, Maryland 21401

Re: MSBA Business Law Section Council House Bill 314 (Automation Technology Deployment Assessment and Displaced Employee Retraining Fund) -- **Opposed**

Dear Chair Valderrama and Fellow Committee Members:

The Business Law Section Council (the “Section Council”) of the Maryland State Bar Association (the “MSBA”) annually reviews proposed legislation that may affect Maryland businesses. We do so as volunteers committed to the development and sound administration of Maryland business law. The Section Council respectfully submits this letter in opposition to House Bill 314 (“HB 314”).

The Section Council supports policies that expand economic opportunity and help Maryland workers adapt to technological change. We are equally committed to ensuring that legislation is clear, administrable, and consistent with constitutional and statutory requirements. HB 314, as introduced, raises significant concerns on each of these fronts. In particular, the bill’s assessment structure and reporting regime penalize lawful innovation, creating anti-competitive effects for Maryland employers, and inviting costly legal challenges, without ensuring that displaced workers receive timely, targeted support.

HB 314 is anti-competitive and risks pushing investment and jobs out of Maryland. HB 314 imposes a per-displaced-employee charge triggered by the “deployment or use of automation technology,” set initially at \$900 per displaced employee and adjusted annually by inflation. While supporting retraining is a worthy goal, the bill operates as a targeted tax on productivity-enhancing change. As structured, it will discourage investment in modernization and advanced tools, particularly for Maryland-based operations competing with firms in neighboring jurisdictions not subject to similar charges.

The bill is likely to have outsized effects on employers operating at scale (those with 100+ employees in Maryland). Larger employers are often the anchor for supply chains that include smaller Maryland vendors and contractors. If HB 314 makes automation and modernization more expensive in Maryland than in nearby states, it may incentivize firms to expand elsewhere, reduce future hiring in-state, or restructure operations to avoid thresholds and administrative burdens. The resulting competitive disadvantage would ultimately harm the very workforce the bill seeks to protect.

HB 314 is anti-technology in design and creates uncertainty for legitimate business planning. HB 314 requires covered employers to report, annually, a “description of automation technologies deployed or used” and a count of “displaced employees” attributed to those technologies, with significant penalties for noncompliance and a sworn affidavit under penalty of perjury by a principal executive officer.

The bill does not define “automation technology” with sufficient clarity. Businesses use a wide range of tools including software upgrades, workflow systems, cybersecurity automation, AI-enabled analytics, robotics, and ordinary process improvements that may improve efficiency without being intended to reduce headcount. By tying a financial assessment and perjury-backed certification to a vague category of “automation technologies,” HB 314 will create substantial uncertainty and risk aversion around adopting new tools, even when such tools improve productivity, safety, compliance, and competitiveness.

Moreover, the bill’s causation concept, employees “separated from employment due to the deployment or use of automation technology”, is inherently difficult to measure. Employment separation decisions typically involve multiple concurrent factors (business cycles, product demand, consumer behavior, regulatory changes, reorganizations, mergers, and skills mismatches). HB 314 effectively requires employers to retroactively assign a dispositive cause to separations under threat of penalty and perjury. That dynamic is not only administratively burdensome; it also chills accurate reporting and encourages defensive practices rather than transparent workforce planning.

HB 314 also presents inherent conflict with existing regulations applicable to Maryland business under Maryland’s Economic Stabilization Act (“Maryland mini-WARN Act”). The Maryland mini-WARN Act requires employers with 50 or more employees to provide at least 60 days’ written notice before a covered “reduction in operations,” when layoffs over a 3-month period affect the greater of 15 employees or 25% of the workforce. Notice must be provided to impacted employees (and any representatives), the Maryland Department of Labor’s Dislocation Services Unit, and the chief local elected official for the affected area.

Further, requiring descriptions of automation technologies can compel disclosure of sensitive operational information. Even if not intended for public release, such information is often subject to public records requests and can be competitively significant. The bill does not specify protections tailored to proprietary technology information, which increases legal and practical risk for covered employers.

The bill’s central triggers (“automation technology,” “deployed or used,” and “due to” automation) are not sufficiently defined for regulated parties to know what conduct is covered and how to comply. When civil penalties and significant monetary assessments hinge on ambiguous standards, regulated parties may challenge the law as impermissibly vague and inconsistent with due process.

For these reasons, the Section Council respectfully urges the Committee to issue an unfavorable report on HB 314. The bill’s per-employee assessment tied to “automation technology,” combined with broad reporting obligations, severe penalties, and ambiguous causation standards, is likely to be anti-competitive, anti-technology, and legally vulnerable—while not guaranteeing timely and effective assistance to displaced workers.

Respectfully submitted,

MSBA Business Law Section Council
I. DeAndrei Drummond, Chair

cc: Delegate Vaughn M. Stewart III, Esq.