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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB 317
Recipients of Economic Development Assistance or State Contracts –
Certification of Compliance With State Labor Laws

Testimony by Delegate Vaughn Stewart
February 17, 2026 | Economic Matters Committee

Chair and Members of the Committee:

Thank you for the opportunity to present House Bill 317. This bill is a straightforward, common-sense accountability measure to ensure that when Maryland invests significant taxpayer dollars in private businesses, those businesses are meeting their basic obligations under our state labor laws.

HB 317 is not punitive, complicated, or burdensome. It is a modest safeguard designed to protect workers, honest employers, and taxpayers alike.

What the Bill Does

HB 317 requires businesses that receive substantial public support to complete a simple annual certification confirming compliance with core Maryland labor laws.

The bill applies only to entities that, in the prior fiscal year, received:

- \$100,000 or more in state economic development assistance, or
- \$250,000 or more in state procurement contracts.

Beginning in 2027, covered recipients submit a brief annual certification stating that:

1. They were not the subject of a final, non-appealable judgment or administrative order finding a violation of covered labor laws in the prior year; and
2. They are not currently failing to comply with outstanding requirements — such as unpaid wages — under a prior final judgment or order.

If a business fails to file the certification, the administering agency must provide written notice and a 30-day opportunity to cure. Only if the business still does not comply does the State initiate a pause on new disbursements, new approvals of economic development assistance, or new contract awards or renewals. The pause is lifted as soon as the certification is filed and any serious outstanding violations are resolved.

Just as important as what the bill does is what it **does not** do:

- It does **not** claw back funds already paid.
- It does **not** terminate existing contracts.
- It does **not** create a new audit or enforcement bureaucracy.
- It does **not** apply to minor violations under \$5,000 that are promptly corrected.
- It does **not** penalize employers who fix problems quickly and come into compliance.

This is a targeted, prospective accountability tool — nothing more.

Why This Bill Is Needed

Maryland invests hundreds of millions of dollars each year through economic development incentives and state contracts to support job creation and business growth. That investment reflects a partnership between the public and private sectors. HB 317 simply affirms that this partnership carries a baseline expectation: compliance with the law.

While most employers do the right thing, wage theft and serious labor violations remain a persistent and documented problem.

Federal data shows that the U.S. Department of Labor is currently holding more than \$6.8 million in recovered unpaid wages owed to over 5,200 Maryland workers who have already been identified through enforcement actions. A recent multi-year study found that Maryland ranks at or near the top nationally in documented wage theft violations, with nearly 13,000 violations and average back wages exceeding \$2,200 per affected worker.

Behind each of these cases is a worker who put in hours on the job and did not receive the pay they earned. For many families, that missing income means missed rent, delayed medical care, or unpaid utility bills.

When public dollars flow to companies with unresolved, final labor law violations, the State is — unintentionally — subsidizing unlawful conduct. HB 317 draws a clear and reasonable line: companies remain fully eligible for support, but they must resolve final labor violations and meet their legal obligations going forward.

Protecting Honest Businesses and Fair Competition

This bill is also about fairness to responsible employers.

The vast majority of Maryland businesses follow wage and hour laws, classify workers properly, and pay what they owe. They build these costs into their business models and bid honestly on state contracts. When competitors illegally cut labor costs through wage theft or misclassification, they gain an unfair pricing advantage.

That distorts the market and punishes companies that play by the rules.

HB 317 helps level the playing field. It ensures that companies benefiting from major state contracts and incentives are not simultaneously undercutting lawful competitors through unresolved, final labor violations. This supports ethical businesses and promotes fair competition — values this Committee has consistently championed.

Strengthening Maryland's Economy

Labor law compliance is not just a worker protection issue — it is an economic issue.

When workers are fully paid, they spend those earnings in their communities — at local stores, on housing, on transportation, and on services. That spending circulates through the Maryland economy and supports additional jobs and tax revenue. When wages are unlawfully withheld, that economic activity is suppressed.

By aligning state investments with lawful labor practices, HB 317 strengthens the return on our economic development dollars and reinforces the integrity of our procurement system.

Narrow, Practical, and Easy to Implement

HB 317 was drafted with implementation in mind:

- It uses a single annual certification.
- It allows electronic filing through existing vendor or incentive portals.
- It explicitly states that it does not create a new audit program.
- It gives agencies flexibility and clear guardrails.
- It focuses only on final, non-appealable determinations, not allegations or pending disputes.

This is a light administrative step for covered businesses — and a meaningful accountability measure for the State.

Conclusion

HB 317 sets a reasonable expectation: if a company seeks substantial taxpayer support, it should be in compliance with Maryland's core labor laws or actively correcting any final violations. That principle is fair, pro-worker, pro-business, and pro-taxpayer.

It protects public investments, supports honest employers, and reinforces basic standards of lawful conduct — without adding red tape or new enforcement burdens.

I respectfully ask for a favorable report on House Bill 317.