



Committee: Joint
Committee Review: At a future date
Staff: Christine Wellons, Chief Legislative Attorney
Purpose: To receive testimony – no vote expected

AGENDA ITEM #8
July 8, 2025
Public Hearing

SUBJECT

Bill 22-25, Labor Peace Agreements – Hotel Development Projects

Lead Sponsors: Councilmember Fani-González, Council President Stewart, and Councilmember Katz

Co-Sponsors: Council Vice-President Jawando and Councilmembers Mink, Luedtke, Glass, and Sayles

EXPECTED ATTENDEES

Public speakers

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

Bill 22-25 would:

- (1) require certain employers, as a condition of the County's economic participation in hotel development projects, to enter into labor peace agreements with labor organizations;
- (2) establish minimum requirements for labor peace agreements; and
- (3) generally amend the law regarding economic participation by the County in hotel development projects and labor peace agreements.

SUMMARY OF KEY DISCUSSION POINTS

- N/A

This report contains:

Staff Report
Bill 22-25
Climate Assessment

Pages 1-2
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© 9

*The Fiscal Impact Statement was not available from the Office of Management and Budget at publication of this staff report.

*The Economic Impact Statement and Racial Equity & Social Justice Impact Statements were not available at the time of publication of this staff report. They can be found at the below address when available: [Racial Equity and Social Justice, Economic, and Climate Impact Statements - Office of Legislative Oversight- Montgomery County, Maryland \(montgomerycountymd.gov\)](https://montgomerycountymd.gov/legislative-oversight/)

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M E M O R A N D U M

July 3, 2025

TO: County Council

FROM: Christine Wellons, Chief Legislative Attorney

SUBJECT: Bill 22-25, Labor Peace Agreements – Hotel Development Projects

PURPOSE: Public Hearing – receive testimony

Bill 22-25, Labor Peace Agreements – Hotel Development Projects, was introduced on June 17, 2025. The Lead Sponsors are Councilmember Fani-González, Council President Stewart, and Councilmember Katz. Co-Sponsors are Council Vice-President Jawando and Councilmembers Mink, Luedtke, Glass, and Sayles. A public hearing on the bill is tentatively scheduled for July 8 at 1:30 p.m. A joint worksession will be held on July 17 by the Government Operations and Fiscal Policy (GO) Committee and the Economic Development (ECON) Committee.

Bill 22-25 would:

- (1) require certain employers, as a condition of the County’s economic participation in hotel development projects, to enter into labor peace agreements with labor organizations;
- (2) establish minimum requirements for labor peace agreements; and
- (3) generally amend the law regarding economic participation by the County in hotel development projects and labor peace agreements.

BACKGROUND

The County sometimes participates in, and may in the future participate in, hotel development projects, as a property owner, lessor, proprietor, lender, or guarantor, facing similar risks and liabilities as those faced by other business entities that participate in these ventures. In these situations, the County has an ongoing proprietary interest in the development projects and must make prudent management decisions.

The purpose of Bill 22-25 is to establish a general requirement that, whenever the County has a proprietary interest in a hotel development project, the employers at the project must enter into labor

peace agreements with unions. The purpose of the agreements is to avoid strikes, lock-outs, or other adverse economic actions that might affect the County’s proprietary interests.

Other jurisdictions, including Baltimore City, have enacted legislation similar to Bill 22-25.

BILL SPECIFICS

The bill would define a hotel development project as any hotel or conference center located within the County. For each of these projects in which the County participates – through a lease, loan, financing, tax increment financing, underwriting, or guarantee – the Executive branch would have to determine whether the County has a “proprietary interest” in the project.

A proprietary interest generally would be present if – through a lease, loan, financing, tax increment financing, underwriting, or guarantee – the County is entitled to receive ongoing revenues from the project. A proprietary interest would not occur when the County’s interest is regulatory (e.g., an interest in land use or taxation, except for tax increment financing).

If labor peace agreements are required under the bill, an employer on the project would be able to satisfy the requirements of the bill by: (1) entering into the agreements; (2) demonstrating that no labor organization requested an agreement; or (3) demonstrating that the labor organization insisted on terms of an agreement that are arbitrary and capricious.

To implement the bill’s requirements, any contract, lease, loan, guarantee, or other written instrument between the County and the beneficiary of the County’s economic participation in the hotel development project would be required to include provisions governing default, damages, or rescission that the County considers appropriate to assure that the requirements of the bill are met.

The bill would apply prospectively. It would not apply to a bid or solicitation issued, a contract awarded, or a loan, guarantee, or other legally binding written instrument executed, prior to the effective date of this bill.

This packet contains:

Bill 22-25

Climate Assessment

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*The Fiscal Impact Statement was not available from the Office of Management and Budget at publication of this staff report.

*The Economic Impact Statement Racial Equity & Social Justice Impact Statements were not available at the time of publication of this staff report. They can be found at the below address when available: [Racial Equity and Social Justice, Economic, and Climate Impact Statements - Office of Legislative Oversight- Montgomery County, Maryland \(montgomerycountymd.gov\)](https://montgomerycountymd.gov/legislativeservices/legislativeservices/Pages/Racial-Equity-and-Social-Justice-Economic-and-Climate-Impact-Statements.aspx)

Bill No. 22-25
Concerning: Labor Peace Agreements –
Hotel Development Projects
Revised: 6/5/2025 Draft No. 1
Introduced: June 17, 2025
Expires: December 7, 2026
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Councilmember Fani-González, Council President Stewart,
Councilmembers Katz, Council Vice President Jawando, and Councilmembers Mink, Luedtke,
Glass, and Sayles

AN ACT to:

- (1) require certain employers, as a condition of the County’s economic participation in hotel development projects, to enter into labor peace agreements with labor organizations;
- (2) establish minimum requirements for labor peace agreements; and
- (3) generally amend the law regarding economic participation by the County in hotel development projects and labor peace agreements.

By amending

Chapter 11B, Contracts and Procurement
Sections 11B-89, 11B-90, and 11B-91

By adding

Section 11B-91A

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Sections 11B-89, 11B-90, and 11B-91 are amended, and Section 11B-91A is added, as follows:

11B-89. Purpose.

This Article is intended to:

- (a) prevent the interruption of services to County residents provided by private contractors due to concerted economic action or a lock-out during a labor dispute; and
- (b) protect the County's proprietary interests against economic risks and delays associated with concerted economic action or lock-outs during a labor dispute.

11B-90. Definitions.

In [this Section] Sections 11B-89 and 11B-91, the following words have the meanings indicated:

* * *

11B-91. Labor Peace Agreement – Residential Waste or Recycling Collection.

* * *

11B-91A. Labor Peace Agreement – Hotel Development.

(a) Definitions. In this Section, the following terms have the meanings indicated.

Economic participation means the participation of the County in a hotel development project through a lease, loan, financing, tax increment financing, underwriting, or guarantee.

Employee means an individual whose primary place of work is at the site of a hotel development project and who is employed by an employer.

Employer means any person who employs employees at the site of a hotel development project. Employer does not include a person:

- (1) who employs fewer than the equivalent of 15 employees at a hotel development project;
- (2) who has entered into 1 or more agreements with 1 or more labor organizations regarding the employees at the hotel development project, if the Chief Administrative Officer determines that the agreement provides protection from the risks of labor-management conflict that is at least equal to the protection provided by the minimum terms of a labor peace agreement; or
- (3) whose ongoing economic performance and potential for labor-management conflict at the site will not, in the determination of the Chief Administrative Officer, substantially affect the County's proprietary interest in the hotel development project.

Hotel development project or project means a hotel or conference center located within the County.

Labor organization means a labor organization as defined under the National Labor Management Relations Act, 29 U.S.C. §152(5), as amended.

Labor peace agreement means a written agreement that:

- (1) is enforceable between an employer and a labor organization under the National Labor Management Relations Act, 29 U.S.C. § 185(a), as amended; and
- (2) contains, at a minimum, a provision prohibiting the labor organization and its members from engaging in any picketing, work stoppage, boycott, or other economic interference with the employer's operations in which the County has a proprietary interest, for the duration of that interest.

(b) Findings.

- (1) The County participates in, and may in the future participate in, hotel development projects, as a property owner, lessor, proprietor, lender, or guarantor, facing similar risks and liabilities as those faced by other business entities that participate in these ventures.
- (2) In these situations, the County:
- (A) has an ongoing proprietary interest in the development projects and a direct interest in their financial performance; and
- (B) must make prudent management decisions, similar to any private business entity, to ensure efficient management of its business concerns and to maximize benefits and minimize risks.
- (3) One risk to the County's proprietary interests is the possibility of labor-management conflict, which can result in delays, work stoppages, picketing, strikes, consumer boycotts, increased costs, reduced revenues, and other forms of adverse economic pressure.
- (4) The risks of labor-management conflict are heightened in the hotel industry because of a documented history of labor-management conflict in this industry and because tourism and conventions are critical to the County's economy.
- (5) One way of reducing risks to the County's proprietary interests is to require, as a condition of the County's economic participation in a hotel development project, that employers participating in the project seek agreements with labor organizations in which the labor organizations agree to forbear from adverse economic action against the employer's operations.
- (c) Determination of proprietary interest.

81 (1) If the County participates economically in a hotel development
82 project, the Chief Administrative Officer must determine, under
83 paragraphs and (2) and (3) of this subsection, whether the County
84 has a proprietary interest in the project.

85 (2) The Chief Administrative Officer must determine that the County
86 has a proprietary interest in a hotel development project if:

87 (A) through a lease of real property that is owned by the County
88 and used for the project, the County receives ongoing
89 revenue, excluding government fees, tax revenue,
90 assessment revenue, or similar fees and revenues, except for
91 tax revenue under the circumstances specified in
92 subparagraphs (C) and (D) of this paragraph;

93 (B) through a contract to manage or operate a hotel or
94 conference center, situated on or in real property owned by
95 the County, the County receives ongoing revenue,
96 excluding government fees, tax revenue, assessment
97 revenue, or similar fees and revenues, except for tax revenue
98 under the circumstances specified in subparagraphs (C) and
99 (D) of this paragraph;

100 (C) ongoing revenues from the project, including incremental
101 tax revenues generated by the project, are used to repay
102 loans provided by the County to assist the development of
103 the project;

104 (D) ongoing revenues from the project, including incremental
105 tax revenues generated by the project, are used to pay debt
106 service on bonds provided by the County to assist the
107 development of the project;

(E) the County has significant assets at risk because it has agreed to underwrite or guarantee the development of the project or loans related to the project; or

(F) the County has a significant ongoing economic and nonregulatory interest that is at risk in the project's financial success and is likely to be adversely affected by labor-management conflict, except that no interest is considered economic and nonregulatory if it arises from the exercise of regulatory or police powers, such as taxation (except as set forth in subparagraphs (C) and (D) of this paragraph), zoning, or the issuance of permits or licenses.

(3) The Chief Administrative Officer must determine that the County does not have a proprietary interest in a hotel development project if the Chief Administrative Officer finds that:

(A) the present value of the County's proprietary interest is less than \$100,000; or

(B) the risk to the County's financial or other nonregulatory interest resulting from labor-management conflict is so minimal or speculative that a labor peace agreement would not support the County's proprietary interest in the project.

(d) *Labor peace agreements required.* If the Chief Administrative Officer determines that the County has a proprietary interest in a hotel development project under subsection (c), the County must require, as a condition of its economic participation in the project, that each employer on the project, including each subcontractor or sublessee, enter into a labor peace agreement with each labor organization that represents, or seeks to represent, the employer's employees at the project.

(e) Implementation.

(1) A contract, including a renewal, extension, or material amendment to a contract, a lease, a loan, a guarantee, or another written instrument between the County and the beneficiary of the County's economic participation in a hotel development project must include provisions governing default, damages, or rescission that the County considers appropriate to assure that the requirements of this Section are met.

(2) A request for proposals, invitation to bid, or similar document issued by the County regarding a hotel development project must include a reference to and summary of this Section.

(3) Failure to include a reference or summary in a document under paragraph (2) of this subsection does not exempt an employer otherwise subject to the requirements of this Section.

(f) Compliance.

(1) If a labor peace agreement is required under subsection (d), each employer on the project must execute a labor peace agreement with a labor organization within 60 days after the later of:

(A) receiving written notice from the County that agreements are required under this Section; or

(B) receiving a request for a labor peace agreement from a labor organization that already represents or seeks to represent the employees performing services on the project.

(2) The employer may satisfy the requirements under paragraph (1) of this subsection by providing to the County:

(A) copies of existing labor peace agreements that meet the requirements of this Section for the project;

(B) documentation that no labor organization requested a labor peace agreement for the project; or

(C) documentation from which the Chief Administrative Officer finds that the labor organization insisted on terms in the labor peace agreement that would be arbitrary and capricious.

(g) Enforcement. The County may include appropriate sanctions and remedies against an employer for a violation of the requirements of this Section in any contract, lease, loan, guarantee, or other written instrument related to the hotel development.

Sec. 2. Transition. This Act must not apply to a bid or solicitation issued, a contract awarded, or a loan, guarantee, or other legally binding written instrument executed, prior to the effective date of this Act.

Sec. 3. Existing projects. Notwithstanding Section 2 of this Act, the County encourages employers on existing hotel development projects, in which the County has a proprietary interest, to enter into labor peace agreements with labor organizations representing, or seeking to represent, employees on the projects.

Climate Assessment

Office of Legislative Oversight

BILL 22-25: LABOR PEACE AGREEMENTS – HOTEL DEVELOPMENT PROJECTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 22-25 will have a small, positive impact on the County's community climate resilience as labor peace agreements can promote job security, which can have a positive impact on community climate resilience. However, it is not guaranteed a union will form after a labor peace agreement is signed, so it is uncertain if the proposed changes would lead to a collective bargaining agreement that would increase job security and stability for employees. Further, the proposed changes only apply to hotel development projects where the County has a proprietary interest, so it would impact a small number of County employees.

BACKGROUND AND PURPOSE OF BILL 22-25

A labor peace agreement (LPA) is a contract between an employer and a labor union. In an LPA, an employer agrees to not interfere with a campaign to organize a union in the workplace. In exchange, a union agrees to not engage in picketing, strikes, or other activities that would disrupt the employer's operations. LPAs do not automatically lead to the formation of a union. Even with an LPA, a majority of workers must still choose to be represented by a union. After a union is formed and its leaders are elected, it can negotiate a collective bargaining agreement with the employer.¹

Occasionally, the County has a financial stake, or a proprietary interest, in hotel development projects. This happens when the County participates in a project as a property owner, lessor, proprietor, lender, or guarantor.² For example, the County is the leasehold owner of the land where the Montgomery County Conference Center and the Bethesda North Marriott Hotel are located. The County shares costs and revenues with Marriott International for the operation of both businesses.³

The purpose of Bill 22-25 is to require employers of hotel development projects to enter into LPAs with unions when the County has a proprietary interest in the project. The Bill would set guidelines for determining if the County has a proprietary interest that requires an LPA.⁴ If required, the LPA would need to contain a provision that prohibits the union from "any picketing, work stoppage, boycott, or other economic interference with the employer's operations."⁵ The Bill would allow an employer to satisfy the LPA requirement by providing copies of existing LPAs, documenting that no labor union requested an LPA, or documenting that the union "insisted on terms of an agreement that are arbitrary and capricious."⁶ If enacted, the LPA requirement would apply after the Bill's effective date.⁷

Bill 22-25 was introduced following recent calls from a local union for a consumer boycott of the Montgomery County Conference Center.⁸ The sponsors note the Bill is intended to minimize the County's financial risk by preventing similar labor disputes in County-supported hotel development projects in the future.⁹

The Council introduced Bill 22-25 on June 17, 2025.

METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

Methodology. OLO reviewed literature on unions, collective bargaining agreements, and labor peace agreements (LPA) to assess their impact on job security and stability for unionized employees. OLO also reviewed literature on community climate resilience and how financial and human capital impact resilience.

Assumptions. OLO assumes the LPA will lead to an increase in job security and stability for employees belonging to a union in hotels where the County has a proprietary interest in.

Uncertainties. OLO is unable to ascertain the following: (1) How many jobs will be created from future hotel developments who would be required to enter into a LPA (2) How many unions will be created from the proposed LPA; and (3) How many employees would be represented by unions created from the proposed LPA.

UNIONS, COLLECTIVE BARGAINING AGREEMENTS, AND COMMUNITY RESILIENCE

Unions can lead to better pay, benefits, safer working conditions, and job stability for employees represented by unions.¹⁰ Unions protect workers against wage theft and other workplace law violations. Researchers have found that higher average wages, lower labor market concentration, and a higher union coverage rate are all associated with fewer workplace violations.¹¹ Further, the Economic Policy Institute found on average, the seventeen U.S. states that have the highest union densities:

- Have state minimum wages that are approximately 19% higher than the national average and 40% higher than states with low-union densities;
- Have median annual incomes that are \$6,000 higher than the national average; and
- Have an uninsured populations that is 4.5% lower compared to states with low-union densities.¹²

Labor peace agreements (LPA) are an agreement between a union and an employer where both sides agree to certain terms, such as unions agreeing not to strike and employers agreeing not to interfere with the formation of unions.¹³ The presence of a LPA does not necessarily mean a union will not form. However, LPAs help facilitate collective bargaining, which allows workers to negotiate for better wages, benefits, and safer working conditions.¹⁴

Labor peace agreement ordinances have passed in multiple jurisdictions including Washington D.C. and Baltimore, MD.¹⁵ The goals of these ordinances are to compel employers to “grant organizing concessions to a union, concessions they otherwise would be unlikely to make.”¹⁶ Further, labor peace ordinances can avoid strikes or other adverse economic actions which might affect a local government’s proprietary interests, such as the proposed legislation by the Montgomery County Council.¹⁷

Community climate resilience is measured by the ability to adapt and bounce back from an emergency or disaster, such as an extreme weather event, by both the community and individuals residing within the community.¹⁸ On the individual level, a stable income which can come from stable employment with benefits, allows individuals and households to save money and have cash on hand to withstand shocks from extreme weather events, such as property damage.¹⁹ As unions can allow workers to negotiate for better pay and benefits and provide stable employment, this can lead to individuals’ ability to withstand shocks from extreme weather events.

ANTICIPATED IMPACTS

According to 2023 Costar data presented by Montgomery Planning, there were 2,351 employees across the County’s 54 hotels.²⁰ This is a small percentage of the County’s workforce, which was reported by the Maryland Department of Labor as 461,817 for the 4th quarter in 2024.²¹

Further, while LPAs can promote job security and better wages by facilitating the formation of unions and collective bargaining agreements, it is not guaranteed a union will form after a LPA is signed. Also, the proposed changes would only apply to hotel development projects where the County has a proprietary interest, so overall these changes would impact a small number of individuals employed in the County.

For these reasons, OLO anticipates the Bill would have a small, positive impact on the County’s community climate resilience.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.²² OLO does not offer recommendations or amendments as Bill 22-25 is likely to have a small, positive impact on the County’s contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptive capacity.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptive capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

¹ ["Labor Peace Agreements \(LPA\)," Labor and Employment Law Program, Cornell University School of Industrial and Labor Relations.](#)

² [Introduction Staff Report for Bill 22-25, Montgomery County Council, Introduced June 17, 2025, pg. 1.](#)

³ ["Marriott Conference Center Management Agreement Cost and Revenue Sharing Audit," Office of Internal Audit, Office of the County Executive, August 28, 2023.](#)

⁴ Introduction Staff Report for Bill 22-25, pgs. 1-2.

⁵ Bill 22-25, Introduction Staff Report for Bill 22-25, pg. (3).

⁶ Introduction Staff Report for Bill 22-25, pg. 2.

⁷ Ibid.

⁸ [Ginny Bixby, "Workers union pauses boycott of North Bethesda Marriott conference center," Bethesda Today, June 20, 2025.](#)

⁹ ["Councilmembers to Introduce Bill to Require Labor Peace Agreements on Hotel Development Projects with County Economic Participation," Press Releases, Montgomery County Council, June 12, 2025.](#)

¹⁰ [Banerjee, A., et. al., "Unions are not only good for workers, they're good for communities and democracy", Economic Policy Institute, December 15, 2021.](#)

¹¹ ["How Unions and Unionized Workplaces Advance the Mission of the Department of Labor", Department of Labor, Accessed 6/30/2025.](#)

¹² [Banerjee, A., et. al., "Unions are not only good for workers, they're good for communities and democracy", Economic Policy Institute, December 15, 2021.](#)

¹³ [Smith, E. T., Kirsch, K., and Rockwell, LLP., "Preemption of Worker-Retention and Labor-Peace Agreements at Airports", 2017.](#)

¹⁴ ["Labor Peace Agreements: Local Government as Union Advocate", U.S. Chamber of Commerce, 2016..](#)

¹⁵ Ibid..

¹⁶ [Ibid.](#).

¹⁷ [Introduction Staff Report for Bill 22-25, Montgomery County Council, Introduced June 17, 2025.](#)

¹⁸ [Longstaff, P. H., et. al., "Building Resilient Communities: A Preliminary Framework for Assessment", Homeland Security Affairs Volume VI, No. 3, May 6, 2022.](#)

¹⁹ [Cafer, A., "A Framework to Build Resilience", Community Psychology - Society for Community Research and Action, Accessed 6/30/2025.](#)

²⁰ ["Montgomery County Hotel Market Study", Montgomery Planning, October 10, 2024.](#)

²¹ ["Montgomery County - Maryland's Quarterly Census of Employment and Wages", Maryland Department of Labor, Accessed 7/1/2025.](#)

²² Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022