MEMORANDUM

July 21, 2025

TO: Government Operations and Fiscal Policy (GO) Committee

Economic Development (ECON) Committee

FROM: Christine Wellons, Chief Legislative Attorney

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

PURPOSE: Worksession - recommendation expected

Expected Attendees:

Ken Hartman-Espada, Assistant Chief Administrative Officer

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 occurred on July 8.

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 recission 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.

SUMMARY OF IMPACT STATEMENTS

Fiscal Impact. The Office of Management and Budget (OMB) found that Bill 22-25 "is expected to have a modest fiscal impact related to administrative responsibilities and contract enforcement." However, unless the frequency of instances increases "[t]he affected departments anticipate being able to absorb and additional responsibilities with existing resources."

Economic Impact. The Economic Impact Statement will be available at <u>Racial Equity</u> and Social Justice, Economic, and Climate Impact Statements - Office of Legislative Oversight-Montgomery County, Maryland.

Racial Equity and Social Justice Impact. The Office of Legislative Oversight (OLO) "anticipates Bill 22-25 will have a positive impact on racial equity and social justice (RESJ) in the County. Latinx community members could disproportionately benefit from decreasing barriers to

organize unions in County-supported hotel development projects. The economic benefits of union formation could help reduce economic disparities experienced by Latinx community members in the County." Due to the anticipated positive impact, OLO does not offer any amendments related to racial equity for Bill 22-25

Climate Assessment. OLO "anticipates that 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." OLO caveats that Bill 22-25 does not make certain that "the proposed changes would lead to a collective bargaining agreement that would increase job security and stability for employers" and that "the proposed changes would only apply to hotel development projects where the County has a proprietary interest, so it would impact a small number of County employees."

SUMMARY OF PUBLIC HEARING

A public hearing for Bill 22-25 was held on July 8, 2025 where seven speakers testified. In addition to the public hearing, the Council also received written testimony both in support and opposition of Bill 22-25. Ken Hartman-Espada, representing the County Executive, testified regarding the bill, highlighting the County's commitment to fostering a fair and equitable workplace for all employees.

Arguments in support of the bill emphasized that the bill would protect interests in county development projects, as well as the rights of employees. Supporters highlight that similar labor peace agreements are common in other jurisdictions in the region.

Speakers in opposition of the bill expressed concerns about what they viewed as the broad nature of the language in the bill, specifically regarding the "expansive" definition of economic participation. Additionally, opponents expressed that the bill unfairly targets the hospitality industry even though the County partners with many different industries.

ISSUES FOR THE COMMITTEE'S CONSIDERATION

The Committee might wish to consider the following issues and potential amendments in connection with Bill 22-25.

1. <u>Definition of "Hotel Development Project"</u>

The Office of the County Attorney (OCA) has recommended amending the definition of "hotel development project" under the bill as follows:

<u>Hotel</u> [[<u>development</u>]] <u>project</u> [[or <u>project</u>]] <u>means</u> <u>the development, financing, construction, renovation, or operation of a hotel or conference center located within the County.</u>

Council staff does not object to the proposed amendment. If the amendment is adopted, all references to "hotel development project" or "project" within the bill should be changed to "hotel project".

2. <u>Discretion of the CAO to Determine when the County has a Proprietary Interest in a Project – When an Interest is Present</u>

The OCA has noted that, under the bill, the CAO would have broad discretion to determine whether the County has a proprietary interest in a particular project, thus triggering the requirement for a labor peace agreement. The criteria for determining a proprietary interest are objective, with the exception of the standard under subparagraph (F), below.

(c) Determination of proprietary interest.

* * *

- (2) The Chief Administrative Officer must determine that the County has a proprietary interest in a hotel development project if:
 - (A) through a lease of real property that is owned by the County and used for the project, the County receives ongoing revenue, excluding government fees, tax revenue, assessment revenue, or similar fees and revenues, except for tax revenue under the circumstances specified in subparagraphs (C) and (D) of this paragraph;
 - (B) through a contract to manage or operate a hotel or conference center, situated on or in real property owned by the County, the County receives ongoing revenue, excluding government fees, tax revenue, assessment revenue, or similar fees and revenues, except for tax revenue under the circumstances specified in subparagraphs (C) and (D) of this paragraph;
 - ongoing revenues from the project, including incremental tax revenues generated by the project, are used to repay loans provided by the County to assist the development of the project;
 - (D) ongoing revenues from the project, including incremental tax revenues generated by the project, are used to pay debt ser vice on bonds provided by the County to assist the 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.

* * *

The Committee might wish to discuss the standard under subparagraph (F) and whether it should be adjusted or deleted.

Council staff notes that subparagraph (F) does provide flexibility and discretion to the CAO to consider the particular dynamics of a project. This same discretion is built into Baltimore City's law on labor peace agreements. (Baltimore City Code, Article 11, § 13-6). Given the comprehensive and objective criteria under subparagraphs (A) through (E), however, it is unclear whether subparagraph (F) would ever be implicated.

3. <u>Discretion of the CAO to Determine when the County Does Not Have a Proprietary</u> Interest in a Project – When an Interest is Not Present

OCA further notes that the CAO would have broad discretion, under subparagraph (B) of the following provision, to determine if the County lacks a proprietary interest in a project.

- (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.

The Committee might wish to discuss whether the discretion under subparagraph (B) is too broad and, if so, whether it should be adjusted or deleted. Council staff notes that the same discretion to the local jurisdiction is available under Baltimore City's law on labor peace agreements. (Baltimore City Code, Article 11, § 13-3).

On the one hand, providing flexibility to the CAO could be beneficial to avoid an overly broad application of the bill's requirements. On the other hand, in practice, the standard could be challenging to implement and would give broad discretion to determine that a labor peace agreement is not appropriate for a particular project.

4. The Meaning of "Nonregulatory Interest"

OCA further noted that the term "nonregulatory interest" used in Sections 11B-91A(c)(2)(F) includes a clarification of what is **not** considered a nonregulatory interest. Under subparagraph (F), an interest must not be considered nonregulatory if it arises from the exercise of regulatory or police powers, such as taxation (except for TIF financing), zoning, or the issuance of permits or licenses.

The use of the term "nonregulatory interest" under 11B-91A(c)(3), however, does not include the same clarification that appears under subparagraph (F). To make the uses of the term "nonregulatory interest" parallel in the two subparagraphs, the Committee could consider the following amendment.

Amend lines 119 through 127 to read as follows.

- (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. 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 paragraph (2) of this subsection), zoning, or the issuance of permits or licenses.

This packet contains:	<u>Circle #</u>
Bill 22-25	1
Climate Assessment	10
Fiscal Impact Statement	15
RESJ Impact Statement	17
Public testimony	21
Baltimore City Code, Article 11, Labor Peace Agreements	30

^{*}The Economic Impact Statement was not available at the time of publication of this staff report. It 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)

Bill No	22-25		
Concerning	: Labor Peac	e Agreemen	ts –
Hotel D	evelopment P	rojects	
Revised:	6/17/2025	_ Draft No.	2
Introduced:	June 17, 2	2025	
Expires:	Decembe	r 7, 2026	
Enacted: _			
Executive:			
Effective: _			
Sunset Date	e:		
Ch	Laws of Mont	Co	

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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

Co-Sponsors: 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
Underlining
Added to existing law by original bill.

[Single boldface brackets]
Double underlining
Added by amendment.

[[Double boldface brackets]]

* * * *

Heading or defined term.

Added to existing law by original bill.

Added by amendment.

Deleted from existing law or the bill by amendment.

Existing law unaffected by bill.

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

1	Sec. 1	1. Sections 11B-89, 11B-90, and 11B-91 are amended, and Section 11B-						
2	91A is added, as follows:							
3	11B-89. Pu	rpose.						
4	This .	Article is intended to:						
5	<u>(a)</u>	prevent the interruption of services to County residents provided by						
6		private contractors due to concerted economic action or a lock-out during						
7		a labor dispute; and						
8	<u>(b)</u>	protect the County's proprietary interests against economic risks and						
9		delays associated with concerted economic action or lock-outs during a						
10		labor dispute.						
11	11B-90. De	finitions.						
12	In [th	is Section] Sections 11B-89 and 11B-91, the following words have the						
13	mean	ings indicated:						
14		* * *						
15	11B-91. La	bor Peace Agreement <u>— Residential Waste or Recycling Collection</u> .						
16		* * *						
17	<u>11B-91A.</u> <u>L</u>	<u> Aabor Peace Agreement – Hotel Development.</u>						
18	<u>(a)</u>	<u>Definitions</u> . In this Section, the following terms have the meanings						
19		indicated.						
20	Economic participation means the participation of the County in a hotel							
21	development project through a lease, loan, financing, tax increment							
22	financing, underwriting, or guarantee.							
23	Employee means an individual whose primary place of work is at the site							
24		of a hotel development project and who is employed by an employer.						
25		Employer means any person who employs employees at the site of a hotel						
26		development project. Employer does not include a person:						

27		<u>(1)</u>	who employs fewer than the equivalent of 15 employees at a hotel		
28			development project;		
29		<u>(2)</u>	who has entered into 1 or more agreements with 1 or more labor		
30			organizations regarding the employees at the hotel development		
31			project, if the Chief Administrative Officer determines that the		
32			agreement provides protection from the risks of labor-management		
33			conflict that is at least equal to the protection provided by the		
34			minimum terms of a labor peace agreement; or		
35		<u>(3)</u>	whose ongoing economic performance and potential for labor-		
36			management conflict at the site will not, in the determination of the		
37			Chief Administrative Officer, substantially affect the County's		
38			proprietary interest in the hotel development project.		
39		<u>Hote</u>	Hotel development project or project means a hotel or conference center		
40		locate	ed within the County.		
41		<u>Labo</u>	r organization means a labor organization as defined under the		
42		Natio	onal Labor Management Relations Act, 29 U.S.C. §152(5), as		
43		amen	nded.		
44		<u>Labo</u>	r peace agreement means a written agreement that:		
45		<u>(1)</u>	is enforceable between an employer and a labor organization under		
46			the National Labor Management Relations Act, 29 U.S.C. §		
47			185(a), as amended; and		
48		<u>(2)</u>	contains, at a minimum, a provision prohibiting the labor		
49			organization and its members from engaging in any picketing,		
50			work stoppage, boycott, or other economic interference with the		
51			employer's operations in which the County has a proprietary		
52			interest, for the duration of that interest.		
53	(b)	Find	ings.		

54		<u>(1)</u>	The Co	ounty participates in, and may in the future participate in,
55			hotel de	evelopment projects, as a property owner, lessor, proprietor,
56			<u>lender,</u>	or guarantor, facing similar risks and liabilities as those
57			faced b	by other business entities that participate in these ventures.
58		<u>(2)</u>	In these	e situations, the County:
59			(A) 1	has an ongoing proprietary interest in the development
60			1	projects and a direct interest in their financial performance;
61			<u>3</u>	and
62			<u>(B)</u> 1	must make prudent management decisions, similar to any
63			1	private business entity, to ensure efficient management of
64			<u>i</u>	its business concerns and to maximize benefits and
65			<u>1</u>	minimize risks.
66		<u>(3)</u>	One ris	sk to the County's proprietary interests is the possibility of
67			<u>labor-n</u>	nanagement conflict, which can result in delays, work
68			stoppag	ges, picketing, strikes, consumer boycotts, increased costs,
69			reduce	d revenues, and other forms of adverse economic pressure.
70		<u>(4)</u>	The ris	ks of labor-management conflict are heightened in the hotel
71			industr	y because of a documented history of labor-management
72			conflic	t in this industry and because tourism and conventions are
73			critical	to the County's economy.
74		<u>(5)</u>	One wa	ay of reducing risks to the County's proprietary interests is
75			to requ	ire, as a condition of the County's economic participation
76			in a ho	tel development project, that employers participating in the
77			project	seek agreements with labor organizations in which the
78			<u>labor o</u>	rganizations agree to forbear from adverse economic action
79			against	the employer's operations.
80	(c)	Deter	rminatio	n of proprietary interest.

81	<u>(1)</u>	If the	County participates economically in a hotel development
82		proje	ct, the Chief Administrative Officer must determine, under
83		parag	raphs and (2) and (3) of this subsection, whether the County
84		has a	proprietary interest in the project.
85	<u>(2)</u>	The C	Chief Administrative Officer must determine that the County
86		<u>has</u> <u>a</u>	proprietary interest in a hotel development project if:
87		<u>(A)</u>	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		<u>(B)</u>	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		<u>(C)</u>	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		<u>(D)</u>	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;

108			<u>(E)</u>	the County has significant assets at risk because it has
109				agreed to underwrite or guarantee the development of the
110				project or loans related to the project; or
111			<u>(F)</u>	the County has a significant ongoing economic and
112				nonregulatory interest that is at risk in the project's financial
113				success and is likely to be adversely affected by labor-
114				management conflict, except that no interest is considered
115				economic and nonregulatory if it arises from the exercise of
116				regulatory or police powers, such as taxation (except as set
117				forth in subparagraphs (C) and (D) of this paragraph),
118				zoning, or the issuance of permits or licenses.
119		<u>(3)</u>	The C	Chief Administrative Officer must determine that the County
120			does 1	not have a proprietary interest in a hotel development project
121			if the	Chief Administrative Officer finds that:
122			<u>(A)</u>	the present value of the County's proprietary interest is less
123				<u>than \$100,000; or</u>
124			<u>(B)</u>	the risk to the County's financial or other nonregulatory
125				interest resulting from labor-management conflict is so
126				minimal or speculative that a labor peace agreement would
127				not support the County's proprietary interest in the project.
128	<u>(d)</u>	Labor	<u>r peace</u>	e agreements required. If the Chief Administrative Officer
129		deterr	<u>mines</u>	that the County has a proprietary interest in a hotel
130		devel	<u>opmen</u>	t project under subsection (c), the County must require, as a
131		condi	tion of	its economic participation in the project, that each employer
132		on the	e proje	ect, including each subcontractor or sublessee, enter into a
133		<u>labor</u>	peace	agreement with each labor organization that represents, or
134		seeks	to repr	esent, the employer's employees at the project.

135	<u>(e)</u>	<u>Imple</u>	<u>ementa</u>	tion.
136		<u>(1)</u>	A cor	ntract, including a renewal, extension, or material amendment
137			to a	contract, a lease, a loan, a guarantee, or another written
138			<u>instru</u>	ment between the County and the beneficiary of the County's
139			econo	omic participation in a hotel development project must
140			inclu	de provisions governing default, damages, or recission that
141			the C	ounty considers appropriate to assure that the requirements of
142			this S	ection are met.
143		<u>(2)</u>	A rec	quest for proposals, invitation to bid, or similar document
144			issue	d by the County regarding a hotel development project must
145			inclu	de a reference to and summary of this Section.
146		<u>(3)</u>	Failu	re to include a reference or summary in a document under
147			parag	raph (2) of this subsection does not exempt an employer
148			other	wise subject to the requirements of this Section.
149	<u>(f)</u>	<u>Com</u> p	<u>pliance</u>	<u>.</u>
150		<u>(1)</u>	<u>If a la</u>	abor peace agreement is required under subsection (d), each
151			emple	oyer on the project must execute a labor peace agreement with
152			<u>a</u> <u>labo</u>	or organization within 60 days after the later of:
153			<u>(A)</u>	receiving written notice from the County that agreements
154				are required under this Section; or
155			<u>(B)</u>	receiving a request for a labor peace agreement from a labor
156				organization that already represents or seeks to represent the
157				employees performing services on the project.
158		<u>(2)</u>	The e	mployer may satisfy the requirements under paragraph (1) of
159			this s	ubsection by providing to the County:
160			<u>(A)</u>	copies of existing labor peace agreements that meet the
161				requirements of this Section for the project;

162	(B) <u>documentation</u> that <u>no labor organization requested a labor</u>
163	peace agreement for the project; or
164	(C) documentation from which the Chief Administrative
165	Officer finds that the labor organization insisted on terms in
166	the labor peace agreement that would be arbitrary and
167	capricious.
168	(g) Enforcement. The County may include appropriate sanctions and
169	remedies against an employer for a violation of the requirements of this
170	Section in any contract, lease, loan, guarantee, or other written instrument
171	related to the hotel development.
172	Sec. 2. Transition. This Act must not apply to a bid or solicitation issued, a
173	contract awarded, or a loan, guarantee, or other legally binding written instrument
174	executed, prior to the effective date of this Act.
175	Sec. 3. Existing projects. Notwithstanding Section 2 of this Act, the County
176	encourages employers on existing hotel development projects, in which the County
177	has a proprietary interest, to enter into labor peace agreements with labor organizations
178	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. 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. An employer where both sides agree to certain terms, such as union safer agreeing not to interfere with the

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. 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. 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 adaptative 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 adaptative 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 Marriot 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.

¹⁵lbid..

¹⁶lbid..

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



Bill 22-25

Labor Peace Agreements - Hotel Development Projects

Bill Summary

Bill 22-25 amends existing County procurement laws to expand the requirement for labor peace agreements (LPAs) beyond waste and recycling to include hotel development projects where the County has a proprietary interest. The bill: requires employers (including subcontractors) to enter into LPAs with labor organizations; defines "proprietary interest" broadly, including revenue from leases, loans, guarantees, and use of tax increment financing (TIF); and gives discretion to the Chief Administrative Officer (CAO) to determine whether an LPA is required based on County interest.

Fiscal Impact Summary

This bill is expected to have a modest fiscal impact related to administrative responsibilities and contract enforcement. While the bill may increase the workload in the Office of the County Executive, the Office of County Attorney, and the Office of Procurement - it is designed to protect the County's revenue by reducing disruptions. The affected departments anticipate being able to absorb any additional responsibilities within existing resources. However, if the frequency of instances increases, the impact may become measurable.

Fiscal Year	0	0	0	0	0	0	Total
Personnel Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Impact	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Fiscal Impact Analysis

- Developers may be less likely to seek County participation if LPAs are viewed as restrictive or burdensome, which could result in lost economic development opportunities or reduced public-private partnerships.
- Reluctance from developers could also become negotiation points and
 potentially increase costs to the County. For instance, if a workforce unionizes as
 a result of the bill's provisions or subsequent agreements, the County may be
 responsible for covering related costs.
- The bill creates a fiscal safeguard, by requiring LPAs, which allows the County
 to mitigate risk of financial loss due to strikes, boycotts, or other labor actions on
 hotel projects in which it has a financial stake.

Staff Impact

The Office of the County Executive, particularly the Chief Administrative Officer, must determine if a County interest qualifies as proprietary, whether existing labor agreements are equivalent to LPAs, and whether requested terms by a union are arbitrary and capricious. This could require additional staff support, legal analysis, or other potential labor expertise.



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(15)

Actuarial Analysis	The bill is not expected to impact retiree pension or group insurance costs.
Information Technology Impact	The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
Other Information	
Later actions that may impact revenue or expenditures if future spending is projected	The bill does not authorize future spending.
Contributors	Ken Hartman, Assistant Chief Administrative Officer, Office of the County Executive Mahnoor Anjum, Fiscal and Policy Analyst, Office of Management and Budget Julie Knight, Office of Management and Budget



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Racial Equity and Social Justice (RESJ) Impact Statement

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 positive impact on racial equity and social justice (RESJ) in the County. Latinx community members could disproportionately benefit from decreasing barriers to organize unions in County-supported hotel development projects. The economic benefits of union formation could help reduce economic disparities experienced by Latinx community members in the County.

PURPOSE OF RESJ IMPACT STATEMENTS

RESJ impact statements (RESJIS) evaluate the anticipated impact of legislation on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other People of Color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is important to achieve RESJ.¹ This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.²

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.³

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. For example, the County is the leasehold owner of the land where the Montgomery County Conference Center and Bethesda North Marriott Hotel are located. The County shares costs and revenues with Marriott International for the operation of both businesses.

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.⁶ 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."⁷ An employer could 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."⁸ If enacted, the LPA requirement for County-supported hotel development projects would apply after the Bill's effective date.⁹

Bill 22-25 was introduced following recent calls from a local union for a consumer boycott of the Montgomery County Conference Center.¹⁰ 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.¹¹

RESJ Impact Statement

Bill 22-25

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

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 22-25 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

OLO identified the following groups who would be impacted by Bill 22-25:

- Employees of County-supported hotel development projects would benefit from having fewer barriers to organize labor unions that could economically benefit them. Research suggests union membership is associated with increases in wages, access to benefits, and wealth for union members.¹²
 - As shown in Table A (Appendix), Latinx community members are more likely to work in the arts, entertainment, and recreation, and accommodation and food services industry that employs hotel workers. Black community members are equally as likely to be employed in this industry, while White and Asian community members are slightly less likely. Of note, because of economic inequities like occupational segregation and the racial wealth gap,¹³ Black and Latinx families in the County have the lowest median incomes and experience poverty at high rates (Table B, Appendix).
- Employers of County-supported hotel development projects would benefit from decreased disruptions to business operations from labor disputes over union formation. However, these benefits could be offset by potential increases to labor costs (e.g., from increases to wages, insurance benefits, paid time off, etc.) to fulfill collective bargaining agreements after a union is formed. Nonetheless, assuming that corporate employers like Marriott International are most likely to be subject to this Bill, these costs would likely be negligible compared to the overall scale of their financial operations.¹⁴
 - Corporate entities like Marriott International are typically owned by shareholders via publicly traded stocks. Therefore, their ownership is not identifiable by race and ethnicity. However, national data suggests that White families are up to two times more likely to own stocks than Black and Latinx families. ¹⁵ Therefore, to the extent that this Bill impacts a corporate employer's financial standing, White community members would likely be more affected than Black and Latinx community members.
- Community members at large would benefit from improving the stability of revenue from County-supported hotel development projects by minimizing disruptions from labor disputes over union formation. However, after a union is formed, increased labor costs from collective bargaining could decrease the County's revenue from this source.
 - Most revenue from hotel development projects like the Montgomery County Conference Center are deposited in the County's general fund. ¹⁶ The general fund supports all County programs and services. Thus, OLO anticipates that all community members would proportionately be affected by changes to revenue from hotel development projects by race and ethnicity.

Overall, OLO anticipates Bill 22-25 will have a positive impact on RESJ in the County. Latinx community members could disproportionately benefit from decreasing barriers to organize unions in County-supported hotel development projects.

RESJ Impact Statement

Bill 22-25

Further, the economic benefits of union formation could help reduce economic disparities experienced by Latinx community members in the County.

RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.¹⁷ OLO anticipates Bill 22-25 will have a positive impact on RESJ in the County. As such, OLO does not offer recommended amendments.

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than 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.

APPENDIX

Table A. Share of Community Members Employed in Arts, Entertainment, and Recreation, and Accommodation and Food Services Industry by Race and Ethnicity, Montgomery County

Race or ethnicity ¹⁸	Share of Community Members Employed in Industry
Asian	7.7
Black	8.1
White	6.2
Latinx	11.8
County	8.0

Source: Table S0201, 2023 American Community Survey 1-Year Estimates, Census Bureau.

Table B. Median Household Income and Poverty Rates by Race and Ethnicity, Montgomery County

Race or ethnicity	Median Income	Percent Below Poverty Level
Asian	\$144,493	6.0
Black	\$89,362	11.4
Native American	\$105,952	9.1
Pacific Islander	\$142,589	10.9
White	\$159,895	4.0
Latinx	\$94,619	10.7
County	\$128,733	7.1

Source: Table S1903 and Table S1701, 2023 American Community Survey 5-Year Estimates, Census Bureau.

RESJ Impact Statement

Bill 22-25

¹ Definition of racial equity and social justice adopted from <u>Marlysa Gamblin et al., "Applying Racial Equity to U.S. Federal Nutrition Programs," Bread for the World and <u>Racial Equity Tools</u>.</u>

² Ibid.

³ "Labor Peace Agreements (LPA)," Labor and Employment Law Program, Cornell University School of Industrial and Labor Relations.

⁴ Introduction Staff Report for Bill 22-25, Montgomery County Council, Introduced June 17, 2025, pg. 1.

⁵ "Marriott Conference Center Management Agreement Cost and Revenue Sharing Audit," Office of Internal Audit, Office of the County Executive, August 28, 2023.

⁶ Introduction Staff Report for Bill 22-25, pgs. 1-2.

⁷ Bill 22-25, Introduction Staff Report for Bill 22-25, pg. (3).

⁸ Introduction Staff Report for Bill 22-25, pg. 2.

⁹ Ibid.

¹⁰ Ginny Bixby, "Workers union pauses boycott of North Bethesda Marriot conference center," Bethesda Today, June 20, 2025.

[&]quot;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.

¹² Aurelia Glass and David Madland, "How Unions Are Crucial for Building Working-Class Economic Power," Center for American Progress, June 21, 2023.

¹³ Danyelle Solomon, et al., "Systematic Inequality and Economic Opportunity," Center for American Progress, August 7, 2019.

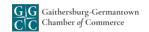
¹⁴ For example, in the fourth quarter of 2024, Marriott International reported an operating income of \$752 million. Refer to <u>"Marriott International, Inc. (Nasdaq: MAR) today reported fourth quarter full year 2024 results," Marriot International, February 11, 2025.</u>

¹⁵ <u>Drew Desilver, "A booming U.S. stock market doesn't benefit all racial and ethnic groups equally," Pew Research Center, March 6, 2024.</u>

¹⁶ Memo from Council IT Adviser to Economic Development Committee, "FY24 Operating Budget: Conference Center Non-Departmental Account (NDA)," Montgomery County Council, April 26, 2023, pg. 3.

¹⁷ <u>Bill 27-19</u>, <u>Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council.</u>

¹⁸ For Tables A and B, race is inclusive of Latinx origin. Estimates for Native American and Pacific Islander community members are not available for all data points.











Bill 22-25, Labor Peace Agreements - Hotel Development Projects Montgomery County Council July 8, 2025 Oppose

As a united coalition of business organizations, we appreciate the opportunity to provide input on Bill 22-25, Labor Peace Agreements - Hotel Development Projects. We respectfully urge the Council to vote unfavorably on this legislation as currently drafted, which would require labor peace agreements (LPAs) as a condition of Montgomery County's economic participation in a hotel development project. Overall, our primary concern lies with the overly broad language in the bill and its implications for the economic landscape of Montgomery County.

While we advocate for the defeat of this bill as drafted, we support fair labor practices and are open to engaging in constructive dialogue with Councilmembers regarding alternative measures such as delayed implementation, a sunset provision, and a more narrowly tailored scope. A balanced approach is essential that upholds workers' rights while fostering economic growth.

Although we recognize the intent to promote labor stability and protect public investments, the bill in its current form raises significant concerns. Its overly broad scope could negatively impact local businesses and limit employee choice in the workplace. Notably, the bill seeks to alter agreements that both sides negotiated in good faith, which undermines trust and predictability in the County's business environment.

The bill's expansive definition of "economic participation" would apply even in cases where the County's involvement is minimal, indirect, or passive, such as through ground leases, tax increment financing, or limited loan guarantees. This overreach introduces regulatory uncertainty into standard development practices and risks deterring future investment. If enacted, Montgomery County would become an outlier among regional jurisdictions, weakening its competitiveness in attracting public-private partnerships that drive sustainable economic development.

While the bill does not explicitly mandate unionization, it effectively requires private employers to engage with third-party labor organizations as a condition of receiving County support. In practice, LPAs often include provisions that bypass the confidential, government-supervised election process established under federal law, instead relying on card check procedures. This undermines employee privacy and limits their ability to make informed, independent decisions about union representation.

Moreover, this initiative does not appear to be driven by local employees and seeks to solve a problem that does not exist. The bill pressures employers to enter into LPAs even in the absence of union activity, potentially violating federal labor law and inviting costly legal challenges under the National Labor Relations Act (NLRA).

Montgomery County's hospitality sector is a vital engine of tourism, tax revenue, job creation, and economic vitality. With two international hotel chains headquartered here and the Bethesda North Marriott serving as the County's only conference center, the hospitality industry is a strategic economic pillar. The Montgomery

County Economic Development Corporation (MCEDC) in its FY2024 Strategic Plan recognized the hospitality sector as an area of focus and targeted industry along with life sciences, technology, nonprofits, real estate, and entrepreneurship.

Thank you for your time and consideration. We look forward to working collaboratively on thoughtful, balanced policies that reflect the County's values while maintaining a stable, business-friendly environment that encourages investment and growth.

Angela Franco
President & CEO
Montgomery County Chamber of Commerce

Stephanie Hesling President & CEO Greater Silver Spring Chamber of Commerce

Allie Williams
President & CEO
Greater Bethesda Chamber of Commerce

Marji Graf
President & CEO
Greater Rockville Chamber of Commerce

Paula Ross
President & CEO
Gaithersburg-Germantown Chamber of Commerce

TESTIMONY ON BELHALF OF COUNTY EXECTUVIE ELRICH

regarding

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

Dear President Stewart and members of the Council:

For the record, my name is Ken Hartman-Espada, Assistant Chief Administrative Officer. Thank you for this opportunity to testify on behalf of the County Executive on the matter before you.

Without question, the County Executive and County Council are committed to fostering a fair and equitable workplace for all employees, and as leaders firmly support the right of workers to organize and advocate for better wages, benefits, and working conditions. The County Executive supports Bill 22-25 to establish that future contractual relationships with the County for hotels and conference centers must include a Labor Peace agreement.

I led the County team that negotiated the updated management agreement with Marriott for the continued operation of the Montgomery County Conference Center. The negotiated agreement was the best contract for all parties. We entered the negotiations with a list of priorities, including unionization language, and we achieved most of our original goals.

Through the negotiations, the annual revenue the County receives from the Conference Center doubled to \$1 million/year and will increase to \$1.25 million after five years. County Days increased from six to eight days a year with a 20% discount for food and beverage. We strengthened our position on the management committee; clarified property interests; and improved partnerships with VisitMontgomery.

Furthermore, the County Executive directed us to ensure that employees' rights under the National Labor Relations Act (NLRA) were recognized and respected in the event of unionization. The management agreement could not include a Labor Peace Agreement. The only contracts covered in County law are contracts to provide residential solid waste, recycling, and yard waste collection.

But we made progress. Unlike the previous agreement, the new agreement includes language requiring the operator to adhere to Federal labor laws should employees wish to pursue collective bargaining. And we reached accommodation that in the event of unionization, there would be open dialogue with the County, and that the County would share the economic costs.

It's important to note here that the management agreement only applies to the Conference Center, the hotel building is owned by a third party which has a long-term ground lease. The owner in turn has an agreement with Marriott to manage the hotel.

We understand that a thriving workplace is key to the success of the Conference Center and to the economic well-being of Montgomery County. The County Executive has engaged with UNITE HERE Local 25 and Marriott to ensure that our commitment to workers' rights is upheld.

The County Executive will continue to sustain dialogue to work towards a resolution of this situation and stand with workers should they seek to organize.



7750 Woodmont Avenue Bethesda, MD 20814

Montgomery County Council Council Office Building 100 Maryland Avenue Rockville, MD 20850

Dear President Stewart and members of the Montgomery County Council,

Marriot International was founded locally in 1927 and has called Montgomery County our home for 70 years. For the past two decades, we've had the privilege of managing the Conference Center in North Bethesda—a venue that has welcomed countless guests, employed hundreds of associates, and served as the site of many important community, civic, and business events. We value our partnership with the County in operating this facility and are especially proud of the dedicated associates who work there, many of whom have had careers with Marriott that span more than a decade.

As a company that has chosen to locate and grow our business in Montgomery County, we've seen firsthand how hospitality investments create local jobs, generate essential tax revenue, and help sustain a vibrant and inclusive economy. In addition to our corporate headquarters, Marriott's hotel portfolio in the County now includes nearly 4,000 guest rooms, reflecting our deep and ongoing commitment to this community. From this perspective, we advocate for policies that support continued investment and development in the hospitality sector, which in turn creates opportunities for associates and ancillary businesses.

As one of the largest private sector employers in the state, we strive every day to act in a way that reflects positively on our home county. Marriott employs thousands of associates across Maryland, and over 725,000 associates wear the Marriott name badge at nearly 9,500 hotels globally. Our efforts as a top employer have been widely recognized both locally and nationally, with the company ranking on the "100 Best Companies to Work For List" presented by Great Place to Work and Fortune for the 28th consecutive year, achieving #8 in 2025. We have great appreciation for our associates, and we are fully committed to promoting workplace environments that are grounded in mutual respect, fairness, and opportunity.

We recognize that today's hearing marks the beginning of the Council's deliberations on this legislation. We respectfully urge the Council to engage in dialogue with all stakeholders to ensure that any final policy is balanced and aligned with the County's broader economic and workforce goals.

Thank you for the opportunity to provide this testimony. We look forward to continuing this important conversation.

Sincerely,

Travis Cutler Vice President, US Public Policy Marriott International



July 7, 2025

The Montgomery County Council Council Office Building 100 Maryland Ave. Rockville, MD 20850

Re: Testimony - Bill 22-25 - Labor Peace Agreements - Hotel Development Projects

Dear President Stewart, Vice President Jawando and Honorable Members of the Council:

On behalf of the Maryland Hotel and Lodging Association, which represents hotel owners, operators, and hospitality professionals across the state, I write to express opposition to Bill 22-25, which would mandate labor peace agreements (LPAs) for hotel development projects involving economic participation by Montgomery County.

Our members support constructive labor relations and share the County's interest in ensuring the long-term success of publicly supported development. However, we believe this bill — as drafted — is overly broad, one-sided, and unfairly singles out the hospitality industry in a way that risks economic harm to hotels, workers, and the region's competitiveness.

Bill 22-25 applies exclusively to hotel and conference center development projects, even though the County partners with private entities across a wide range of industries. This selective approach sends a troubling signal that hotel businesses are being treated differently from all other private sector partners, despite being one of the hardest-hit industries during the pandemic and one of the most active in rehiring and rebuilding local employment.

The expansive scope of the bill will impose new obligations on projects with minimal County involvement, creating added complexity for developers, lenders, and operators. The result will have a chilling effect on future investment in hospitality and tourism-related projects where hotels often serve as anchors in larger mixed-use developments.

In the hospitality industry, LPAs restrict employer communication, limiting their ability to provide factual information - even in response to direct questions from employees. Such constraints not only interfere with employers' federally protected rights under the National Labor Relations Act, but also deny employees access to balanced information. When one side of an issue is silenced by law or policy, it creates an uneven environment that can lead to decisions made without full context or understanding.

Page,

Bill 22-25 provides no protection for employers who engage in good faith and cannot finalize an agreement due to unreasonable demands. The lack of employer safe harbor is



problematic and could unfairly penalize hotel operators navigating complex contracts or multi-party development agreements.

Neighboring jurisdictions have not adopted comparable mandates. If Montgomery County adopts this measure as written, it will become an outlier in hospitality development policy, making it harder to attract new hotel brands, destination infrastructure, and long-term economic development opportunities.

We urge the Council to carefully consider the long-term consequences of this policy. We appreciate your consideration of these issues and welcome further dialogue.

Respectfully submitted,

Amy W. Rohrer President & CEO

Bill 22-25 Labor Peace Testimony, July 8, 2025

Gordie Brenne, Treasurer Montgomery County Taxpayers League

I'm a former Marriott Controller, but speak only for the Taxpayers League. We want more commercial economic development to shift the burden of supporting our increasingly expensive county government off resident's shoulders, and create more jobs. Labor Peace is an expensive, non-competitive distraction.

There are many hotels in the county that offer competitive conference services without the encumbrance of a labor peace agreement. Why then does the county own a conference center? Given the county's tight capital budget, is this the most cost-effective use of taxpayer money? Does the County know more about how to use a labor peace agreement to implement best practices and cost controls than Marriott? Are taxpayers unwittingly paying conference center capital costs which subsidizes non-county customers who only pay enough to offset Marriott operating costs?

Instead of this bill, sell the conference center to the highest bidder, and use the proceeds to pay down county debt. The new owner will **pay property taxes**, and increase utilization of the asset and the commercial tax base.

Governments and businesses outsource services to implement best practices, and improve cost controls so that they can focus on their core mission. Undermining a business partner's management role in labor negotiations reduces the partner's ability to deliver cost-effective services by adding work rules that will constrain best practices. Service employee union work rule standards can even reduce the number of employees a contractor can profitably hire. Labor peace contract terms produce the same outcomes as requiring businesses to hire only union labor: higher costs, and work rule constraints on performance.

It has been said that the Labor Peace bill is "clearly" needed to avoid disruption from labor strikes, picketing, and boycotts. But this is avoidable if management is free to offer competitive agreements that satisfy owners, suppliers and employees. Being "neutral" eliminates this management opportunity for balanced solutions.

Without productivity increases, a labor peace agreement will result in higher labor costs. Why should taxpayers subsidize conference center employees when there's a competitive market for this service? Similar disregard for productivity is why policy makers have failed to update the 2011 competitive salary survey to justify above market pay raises for county employees. Labor peace with the teacher's union is why we've had years of mediocre school proficiency results while now paying teachers an average of \$107,147 for 10 months of work. Labor peace is why County taxpayers are now paying 10% annual property tax increases, while our closest

competitors in Fairfax and Howard counties experience better economic development results, and offset soaring property assessment increases by decreasing property tax rates, or reducing costs to hold the line on taxes.

Labor peace is not a taxpayer priority, but economic development is.

City of Baltimore Law Library / Baltimore City Code / Article 11 Labor and Employment / Division II Miscellaneous Regulations / Subtitle 13 Labor Peace Agreements for Hotel Projects

Subtitle 13

Labor Peace Agreements for Hotel Projects

§ 13-1. Definitions.

(a) In general.

In this subtitle, the following terms have the meanings indicated.

(b) Contract.

"Contract" includes, but is not limited to, a lease, management agreement, service agreement, loan, bond, guarantee, or other similar agreement to which the City is a party.

- (c) Employer.
- (1) "Employer" means any person who employs individuals at the site of a hotel development project.
 - (2) "Employer" does not include any person:
- (i) who employs fewer than the equivalent of 15 full-time or part-time employees at a hotel development project;
- (ii) who has entered into 1 or more agreements with 1 or more labor organizations regarding the employees at the hotel development project who are, or are likely to be, the subject of union organizing, if the City 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
- (iii) whose ongoing economic performance and potential for labor-management conflict at the site will not, in the City's determination, substantially affect the City's proprietary interest in the hotel development project.

(d) Labor organization.

"Labor organization" means an organization, agency, or employee- representation committee or plan:

- (1) in which employees participate; and
- (2) that exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.
 - (e) {Repealed}

(Ord. 22-125; Ord. 07-578.)

Editor's Notes

For the standard definition of "person", see City General Provisions Article, § 1-107.

§ 13-2. Findings and declarations.

(a) City's risks and liabilities.

In the course of managing real property that it owns or otherwise in carrying out its functions in the public interest, the City participates in developments, 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.

(b) Proprietary interest requires prudent management.

In these situations, the City:

(i) has an ongoing proprietary interest in the developments and a direct interest in their financial performance; and

(ii) 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.

(c) Risk of labor-management conflict.

- (1) One risk is the possibility of labor-management conflict.
- (2) A major potential outcome of labor-management conflict is economic action by labor organizations against employers. Experience of municipal and other investors demonstrates, for example, that organizing drives under formal and adversarial union certification processes often deteriorate into protracted and acrimonious labor-management conflict.

(3) Labor-management conflict can:

- (i) result in construction delays, work stoppages, picketing, strikes, consumer boycotts, and other forms of adverse economic pressure; and
- (ii) adversely affect the City's financial or other proprietary business interest by causing delay in the completion of a project, by reducing the revenues or increasing the costs of the project, and by generating negative publicity.

(d) Risks heightened in hotel industry.

- (1) These risks are heightened in the hotel industry, because this industry is so closely related to tourism, which is a linchpin of the City's economy.
- (2) Labor-management conflict in hotel development projects in which the City is an economic participant can jeopardize the operation of related tourist and commercial facilities, as well as the City's national reputation as a tourist and convention destination.

(e) Reducing risk through labor peace agreement.

One way of reducing the risk to the City's proprietary interests is to require, as a condition of the City's investment or other 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 employers' operations.

(Ord. 07-578.)

§ 13-3. Scope of subtitle.

This subtitle does not apply to:

- (1) a hotel development project for which the City determines that the risk to the City's financial or other nonregulatory interest resulting from labor-management conflict is so minimal or speculative as not to warrant concern for the City's investment or other nonregulatory interest; or
- (2) a hotel development project for which the City determines that its proprietary interest is less than \$100,000.

(Ord. 07-578.)

§ 13-4. Construction of subtitle.

(a) Union recognition.

Nothing in this subtitle requires an employer to recognize a particular labor organization.

(b) Collective bargaining agreement.

Nothing in this subtitle requires an employer to enter into a collective bargaining agreement establishing the substantive terms and conditions of employment.

(c) Labor policy.

This subtitle is not intended, and may not be interpreted, to express any generally applicable policy regarding labor-management relations or to regulate those relations in any way.

(d) Employee preference.

This subtitle is not intended to favor any particular outcome in determining employee preference regarding union representation.

(Ord. 07-578.)

13-5. {Reserved}

§ 13-6. Determining need for agreement.

(a) In general.

For each hotel development project in which the City participates or has a financial interest, the City shall determine whether the City has a proprietary interest in the project.

(b) Governing criteria.

The City is deemed to have a proprietary interest in a hotel development project if the City determines that:

- (1) through a lease of real property that is owned by the City and used for the project, the City receives ongoing revenue, excluding government fees, tax revenue, assessment revenue, or similar fees and revenues, except for tax revenue under the circumstances specified in items (2) and (3) of this subsection;
- (2) ongoing revenues from the project, including incremental tax revenues generated by the project, are used to repay loans provided by the City to assist the development of the project;

- (3) ongoing revenues from the project, including incremental tax revenues generated by the project, are used to pay debt service on bonds provided by the City to assist the development of the project;
- (4) the City 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
- (5) the City 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 items (2) and (3) of this subsection), zoning, or the issuance of permits or licenses.

(Ord. 07-578.)

Cross References

Article 11, § 13-7(a)

Editor's Notes

This subtitle was enacted by Ordinance 07-578, effective December 26, 2007. Section 4 of Ord. 07-578 provides that the subtitle "does not apply to any economic participation granted by the City before the effective date of this Ordinance".

§ 13-7. Agreement required.

(a) "Economic participation" defined.

In this section, "economic participation" means a lease, loan, financing, underwriting, guarantee, or other financial benefit described in $\S 13-6(b)$ of this subtitle.

(b) When City to require.

If the City determines that it has a proprietary interest in a hotel development project, then it shall require, as a condition of the City's economic participation, that each employer on the project enter into 1 or more labor peace agreements with 1 or more labor organizations that represent, or seek to represent, workers on the project.

(c) Default, etc., provisions.

Any contract between the City and the beneficiary of the City's economic participation in a project may include provisions governing default, damages, or recision that the City considers appropriate to assure that the requirements of this section are fully satisfied.

(Ord. 07-578.)

- § 13-8. Tenor and contents of agreement.
 - (a) To be enforceable under LMRA.

The labor peace agreement shall be a written agreement enforceable between the employer and the labor organization under § 301(a) of the Labor Management Relations Act of 1947, 29 U.S.C. § 185(a).

(b) Minimum contents.

The labor peace agreement shall contain, 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 any of the employer's operations in which the City has a proprietary interest, for the duration of that interest.

(Ord. 07-578.)

§ 13-9. Violation of agreement by union.

An employer that performs its obligations under a labor peace agreement is relieved of further obligation under the agreement if the labor organization engages in adverse economic action such as striking, picketing, or boycotting the employer.

(Ord. 07-578.)

13-10 to 13-15. {Reserved}

§ 13-16. Notice of subtitle.

(a) Notice required.

A request for proposals, invitation to bid, or similar document issued by the City regarding a hotel development project must include a reference to and summary of this subtitle.

(b) No exemption for omission.

Failure to include a reference or summary in a document does not exempt an employer otherwise subject to the requirements of this subtitle.

(Ord. 07-578.)