

Bill No. 22-25
Concerning: Labor Peace Agreements –
Hotel Development Projects
Revised: 9/16/2025 Draft No. 4
Introduced: June 17, 2025
Enacted: September 16, 2025
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Councilmember Fani-González, Council President Stewart, and
Councilmember 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	<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]] one or more agreements with [[1]] one
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 the development,
financing, construction, renovation, or operation of 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 hotel 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.*

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

(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 hotel project, the County receives [[ongoing revenue]] operating profit based on the financial performance of the project, 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]] operating profit based on the financial performance of the project, 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;

(C) ongoing revenues from the hotel project, including incremental tax revenues generated by the project, are used

to repay loans provided by the County to assist the development of the hotel project;

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

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

(F) the County has a significant ongoing economic and nonregulatory interest that is at risk in the hotel 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]] \$1,000,000 annually; 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.

(4) Procedural requirements. Each determination by the Chief Administrative Officer under this subsection must be contained in a written document that:

(A) specifies the reasons for the determination; and

(B) is provided to the Council and to each employer at the hotel 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 hotel project, that each employer on the hotel 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 hotel 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]] 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 hotel 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 hotel 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 hotel project;

(B) documentation that no labor organization requested a labor peace agreement for the hotel 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 hotel 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 hotel projects.

Approved:



Kate Stewart, President, County Council

Date

Approved:

Marc Elrich, County Executive

Date

This is a correct copy of Council action.

Sara R. Tenenbaum, Clerk of the Council

Date