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119TH CONGRESS
2D SESSION

H. R. 10372

To amend the Fair Labor Standards Act of 1938 to prohibit employers from paying employees in the garment industry by piece rate, to require manufacturers and contractors in the garment industry to register with the Department of Labor, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 14, 2026

Mr. NADLER (for himself, Ms. ROSS, Mr. BEYER, Mr. FROST, Mr. GARCIA of California, Mr. GOLDMAN of New York, Ms. NORTON, Mr. LYNCH, and Ms. TLAIB) introduced the following bill; which was referred to the Committee on Education and Workforce

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A BILL

To amend the Fair Labor Standards Act of 1938 to prohibit employers from paying employees in the garment industry by piece rate, to require manufacturers and contractors in the garment industry to register with the Department of Labor, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Fashioning Accountability and Building Real Institutional Change Act'' or the ''FABRIC Act''.

SEC. 2. PAYMENT AND LIABILITY REQUIREMENTS IN THE GARMENT INDUSTRY.

(a) IN GENERAL.—The Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) is amended—

(1) by inserting after section 7 (29 U.S.C. 207) the following:

"SEC. 8. REQUIREMENTS FOR THE GARMENT INDUSTRY.

"(a) PROHIBITION AGAINST PAYMENT BY PIECE RATE.—No employer shall pay an employee employed in the garment industry, who in any workweek is engaged in commerce or in the production of goods for commerce, or is employed in an enterprise engaged in commerce or in the production of goods for commerce, by the piece or unit, or by piece rate.

"(b) HOURLY RATES.—

"(1) IN GENERAL.—An employer shall pay each employee employed in the garment industry, who in any workweek is engaged in commerce or in the production of goods for commerce, or is employed in an enterprise engaged in commerce or in the production of goods for commerce, at an hourly rate that is not less than the rate in effect under section 6(a)(1).

"(2) INCENTIVE BONUSES.—Nothing in this section shall be construed to prohibit incentive-based bonuses (including bonuses determined by the production of goods for commerce, by the piece or unit,

or by piece rate) for employees employed in the garment industry.

"(c) JOINT AND SEVERAL LIABILITY OF BRAND GUARANTORS.—

"(1) IN GENERAL.—A brand guarantor who contracts with an employer of an employee described in paragraph (2) for the performance of services in the garment industry shall share joint and several liability with such employer for any violations of the employer under this Act involving such employee while the employee is performing work with respect to such brand guarantor.

"(2) EMPLOYEES.—An employee described in this paragraph is any employee employed in the garment industry who in any workweek is engaged in commerce or in the production of goods for commerce, or is employed in an enterprise engaged in commerce or in the production of goods for commerce.

"(3) SUBCONTRACTS.—For purposes of paragraph (1), an employer of an employee described in paragraph (2) includes any other person who, through 1 or more subcontracts, subcontracts with the employer of such an employee for the performance of services in the garment industry.

"(4) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to preclude a determination of joint employment, in the garment industry or otherwise, for entities other than brand guarantors.

"(d) NONAPPLICABILITY.—Subsections (a) and (b) shall not apply for purposes of an employee employed in the garment industry who is covered by a bona fide collective bargaining agreement that expressly provides for—

"(1) wages, hours of work, and working conditions of the employee;

"(2)(A) a wage rate for all hours worked by the employee in excess of 40 hours in a week that is greater than one and one-half times the regular rate at which such employee is employed; and

"(B) a minimum hourly rate of pay for the employee that is not less than 10 percent more than the higher of—

"(i) the minimum wage rate under an applicable State law; or

"(ii) the minimum wage rate in effect under section 6(a)(1); and

"(3) a process to resolve disputes concerning nonpayment of wages.

"(e) REGULATIONS.—The Secretary may prescribe such regulations or other guidance as may be necessary to carry out this section.

"(f) DEFINITIONS.—In this section:

"(1) BRAND GUARANTOR.—The term 'brand guarantor' means any person contracting for the performance of garment manufacturing, including through licensing of a brand or name, regardless of whether the party with whom the person contracts performs the manufacturing operations or hires garment contractors to perform the manufacturing operations.

"(2) GARMENT.—The term 'garment' includes any article of wearing apparel or accessory designed or intended to be worn by an individual, including clothing, hats, gloves, handbags, hosiery, ties, scarfs, and belts.

"(3) GARMENT CONTRACTOR.—The term 'garment contractor'—

"(A) means any person who, with the assistance of an employee or any other individual compensated by the person, is primarily engaged through a contract in garment manufacturing for another person, including for another

garment contractor, a garment manufacturer, or a brand guarantor; and

"(B) includes a subcontractor that is primarily engaged in garment manufacturing.

"(4) GARMENT INDUSTRY.—The term 'garment industry' means the industry of garment manufacturing.

"(5) GARMENT MANUFACTURER.—The term 'garment manufacturer'—

"(A) means a person (including a brand guarantor) that is engaged in garment manufacturing and has the ability to manufacture garments without contracting with a garment contractor;

"(B) includes such a person that may use a garment contractor in its operations; and

"(C) does not include a garment contractor.

"(6) GARMENT MANUFACTURING.—

"(A) IN GENERAL.—The term 'garment manufacturing' means—

"(i) sewing, cutting, making, processing, repairing, finishing, assembling, pressing, or dyeing a garment, including a section or component of a garment, de-

signed for or intended to be worn by an individual, which is to be sold or offered for sale or resale;

"(ii) altering the design, or causing another person to alter the design, of a garment described in clause (i);

"(iii) any other form of preparation of a garment described in clause (i) by any person contracting for such preparation; and

"(iv) any other operation or practice as may be identified in regulations issued by the Secretary consistent with the purposes of this section.

"(B) EXCLUSIONS.—The term 'garment manufacturing' does not include—

"(i) manufacturing of garments by an individual who manufactures the garments by himself or herself without the assistance of a garment contractor, employee, or any other individual;

"(ii) cleaning, altering, or tailoring any garment, including a section or component of a garment, after the garment has been sold at retail; or

"(iii) any other form of manufacturing as may be identified in regulations issued by the Secretary consistent with the purposes of this section.";

(2) in section 15 (29 U.S.C. 215(a))—

(A) in subsection (a)—

(i) in paragraph (5), by striking "and";

(ii) in paragraph (6), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(7) to violate section 8."; and

(B) by adding at the end the following new subsection:

"(c) For the purposes of subsection (a)(7), it shall be an affirmative defense to an action under such subsection against a brand guarantor (as defined in section 8(f)) if such brand guarantor shows no knowledge of the violation of section 8 alleged in such action."; and

(3) in section 16 (29 U.S.C. 216)—

(A) in subsection (b)—

(i) by inserting after the third sentence the following: "Any person who vio-

lates section 8 shall be liable for such legal or equitable relief as may be appropriate to effectuate the purposes of such section, including the payment of wages lost and an additional equal amount as liquidated damages.''; and

(ii) in the last sentence, by striking ''15(a)(3)'' and inserting ''8, 15(a)(3),''; and

(B) in subsection (c), by adding at the end the following: ''The authority and requirements described in this subsection shall apply with respect to a violation of section 8, as appropriate, and the person in such violation shall be liable for such legal or equitable relief as may be appropriate to effectuate the purposes of such section, including the payment of wages lost and an additional equal amount as liquidated damages.''.

(b) CONFORMING AMENDMENT.—Section 10 of the Fair Labor Standards Act of 1938 (29 U.S.C. 210) is repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date that is 6 months after the date of enactment of this Act.

SEC. 3. REGISTRATION OF GARMENT MANUFACTURERS AND CONTRACTORS.

(a) DEFINITIONS.—In this section:

(1) EMPLOYEE.—The term ''employee'' has the meaning given the term in section 3 of the Fair Labor Standards Act of 1938 (29 U.S.C. 203).

(2) GARMENT CONTRACTOR; GARMENT INDUSTRY; GARMENT MANUFACTURER; GARMENT MANUFACTURING.—The terms ''garment contractor'', ''garment industry'', ''garment manufacturer'', and ''garment manufacturing'' have the meanings given such terms in section 8(f) of the Fair Labor Standards Act of 1938 (29 U.S.C. 208(f)).

(3) PRODUCTION EMPLOYEE.—The term ''production employee'', with respect to a garment manufacturer or garment contractor, means any employee of the manufacturer or contractor who is engaged in the garment industry.

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Labor, acting through the Undersecretary of the Garment Industry appointed under section 4(b).

(b) REQUIREMENT TO REGISTER WITH THE DEPARTMENT OF LABOR.—Beginning on the date that is 6 months after the date of enactment of this Act, no garment manufacturer or garment contractor shall engage in

the garment industry during any year unless the manufacturer or contractor has registered for such year with the Secretary in accordance with this section.

(c) REGISTRATION REQUIREMENTS.—

(1) IN GENERAL.—A garment manufacturer or garment contractor registering under this section shall submit to the Secretary—

(A) a form, in writing, containing the information described in paragraph (2);

(B) photographic verification of the identify of—

(i) each owner or partner of the garment manufacturer or garment contractor; and

(ii) in the case the garment manufacturer or garment contractor is a corporation, each officer of the corporation;

(C) verification that the garment manufacturer or garment contractor has in effect a workers' compensation insurance policy for all production employees of the manufacturer or contractor; and

(D) payment of the applicable registration fee described in paragraph (3).

(2) INFORMATION IN FORM.—The information described in this paragraph is each of the following:

(A) A statement of whether the garment manufacturer or garment contractor is a sole proprietorship, partnership, or corporation.

(B) The name, residential address, and phone number of all production employees of the garment manufacturer or garment contractor.

(C) The name, residential address, phone number, and social security number of—

(i) each owner or partner of the garment manufacturer or garment contractor;

(ii) if applicable, each officer of the garment manufacturer or garment contractor; and

(iii) if applicable, each of the 10 largest shareholders of the garment manufacturer or garment contractor.

(D) The name, residential address, and social security number of each person with a financial interest in the business of the garment manufacturer or garment contractor in the garment industry, and the amount of that interest (if any).

(E) In the case in which the garment manufacturer or garment contractor is a corporation, a statement ensuring that no shares of the corporation are listed on a national securities exchange or regularly quoted in an over-the-counter market by one or more members of a national or an affiliated securities association.

(F) A statement of how long the garment manufacturer or garment contractor has been in business in the garment industry.

(G) If applicable, the tax identification number of the garment manufacturer or garment contractor.

(H) A statement of the status of the garment manufacturer or garment contractor as a manufacturer or contractor.

(I) A statement of whether the garment manufacturer or garment contractor has contracted with a labor organization, and, if so, the name and address of such labor organization.

(J)(i) A statement as to whether, within the preceding 3-year period, any of the following persons or entities have been found by a court or the Secretary to have violated the Fair

Labor Standards Act of 1938 (29 U.S.C. 201 et seq.):

(I) The garment manufacturer or garment contractor.

(II) Any owner of or any partner of the garment manufacturer or garment contractor.

(III) In the case the garment manufacturer or garment contractor is a corporation, any officer of the corporation or any of the 10 largest shareholders of the corporation.

(ii) If any person or entity described in any of subclauses (I) through (III) of clause (i) has violated the Fair Labor Standards Act of 1938 within the period described in such clause, a statement of the nature of such violation and the date on which such violation occurred.

(K) In the case of a contractor, a statement of whether the contractor has subcontracted for the cutting, sewing, dyeing, or assembling of textiles or apparel or sections or components of apparel.

(3) REGISTRATION FEE.—

(A) IN GENERAL.—The registration fee required under this subsection for each year shall be not less than $200.

(B) PRORATED FEES.—The Secretary may prorate the registration fee under subparagraph (A) for any registration described in subsection (d)(2)(B)(i).

(C) USE.—The Secretary shall use the total amount of each registration fee required under this subsection for carrying out this section.

(d) SUBMISSION.—

(1) CONSOLIDATION.—Each division, subsidiary corporation, or related company of a garment manufacturer or garment contractor may, at the option of the manufacturer or contractor, be named and included under 1 registration under this section.

(2) TIMING.—

(A) IN GENERAL.—Except as provided under subparagraph (B), each registration submitted under this section shall be filed not later than the date that is 6 months after the date of enactment of this Act and annually thereafter on a date determined by the Secretary.

(B) NEW MANUFACTURERS OR CONTRACTORS.—In the case of a garment manufacturer or garment contractor that begins garment manufacturing operations or enters into a contract for such operations for the first time after the date of enactment of this Act, the registration required under this section shall be submitted—

(i) not later than 6 months after the date on which the garment manufacturing operations begin or the contractor enters into the contract for such operations; and

(ii) annually thereafter on a date determined by the Secretary.

(e) CERTIFICATES.—

(1) IN GENERAL.—The Secretary shall issue a certificate of registration to each garment manufacturer or garment contractor that submits a registration meeting the requirements under this section.

(2) APPLICABILITY.—

(A) IN GENERAL.—Except as provided in subparagraph (B), each certificate issued under paragraph (1) shall be effective for a period of 12 months.

(B) NEW MANUFACTURERS OR CONTRACTORS.—A certificate with respect to a registration submitted under subsection (d)(2)(B)(i) shall be effective until the following registration date as determined by the Secretary.

(3) POSTING.—Each garment manufacturer or garment contractor receiving a certificate under paragraph (1) shall post such certificate in a place where it may be read by any employee of the manufacturer or contractor during the workday.

(4) SUSPENSION OR REVOCATION.—The Secretary may suspend or revoke a certificate of registration issued under paragraph (1) if the garment manufacturer or garment contractor that submitted the registration—

(A) has knowingly made any misrepresentation in the application for such certificate; or

(B) has failed to comply with this Act or any regulation under this Act.

(f) RECORDKEEPING.—The Secretary shall, through regulations, establish requirements for recordkeeping for all garment manufacturers and garment contractors engaging in the garment industry in order to assist in enforcing the requirements of this section.

(g) ENFORCEMENT.—

(1) IN GENERAL.—The Secretary may impose a civil money penalty of not more than $50,000,000 against any person who violates a requirement under this section.

(2) CONSIDERATIONS.—In assessing the amount of a penalty under this subsection, the Secretary shall give consideration to—

(A) the size of the business of the person;

(B) whether the violation of the person was committed in good faith;

(C) the gravity of the violation;

(D) the history of any previous violations of the person under this section; and

(E) the history of the person in complying with the recordkeeping requirements under subsection (f).

(h) REGULATIONS.—The Secretary may prescribe such regulations or other guidance as may be necessary to carry out this section.

SEC. 4. UNDERSECRETARY OF THE GARMENT INDUSTRY.

(a) IN GENERAL.—There is established in the Department of Labor the Office of the Garment Industry (referred to in this section as the ''Office'').

(b) UNDERSECRETARY.—

(1) IN GENERAL.—The Secretary of Labor shall appoint an Undersecretary of the Garment Industry (referred to in this section as the ''Undersecretary'') to head the Office.

(2) FUNCTIONS.—The Undersecretary shall—

(A) carry out section 3 using sums appropriated under subsection (c);

(B) carry out the national domestic garment manufacturing support program under section 5; and

(C) provide assistance to the Administrator of the Wage and Hour Division in enforcing section 8 of the Fair Labor Standards Act of 1938 (29 U.S.C. 208).

(c) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated to the Secretary of the Labor—

(A) $10,000,000 for fiscal year 2027, to establish the Office and carry out the functions described in subparagraphs (A) and (C) of subsection (b)(2); and

(B) $3,000,000 for each of fiscal years 2028 through 2032, to carry out the functions described in subparagraphs (A) and (C) of subsection (b)(2).

(2) AVAILABILITY.—Any sums appropriated under the authorization contained in this subsection shall remain available, without fiscal year limitation, until expended.

SEC. 5. NATIONAL DOMESTIC GARMENT MANUFACTURING SUPPORT PROGRAM.

(a) DEFINITIONS.—In this section:

(1) ELIGIBLE ENTITY.—The term ''eligible entity'' means an entity that is—

(A) a garment manufacturer that is incorporated in and performs garment manufacturing within the United States; or

(B) a nonprofit organization that provides workforce development opportunities with respect to the garment industry.

(2) GARMENT INDUSTRY; GARMENT MANUFACTURER; GARMENT MANUFACTURING.—The terms ''garment industry'', ''garment manufacturer'', and ''garment manufacturing'' have the meanings given such terms in section 8(f) of the Fair Labor Standards Act of 1938 (29 U.S.C. 208(f)).

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Labor, acting through the Undersecretary of the Garment Industry appointed under section 4(b).

(b) IN GENERAL.—From amounts made available under subsections (f)(2) and (h), the Secretary shall award grants, on a competitive basis, to eligible entities to support garment manufacturing in the United States.

(c) APPLICATION.—An eligible entity seeking a grant under this section shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require, including—

(1) a description of the project that the eligible entity proposes to carry out using such grant; and

(2) an implementation plan of such project that reflects the expected participation of, and partnership with, applicable labor organizations and relevant community stakeholders.

(d) AWARD.—

(1) SELECTION.—In awarding grants under this section to eligible entities, the Secretary shall give priority to eligible entities—

(A) with a workforce that is covered by a collective bargaining agreement;

(B) that are certified by a State in which such eligible entity operates as a minority-owned business, women-owned business, or veteran-owned business; or

(C) that have operated as a garment manufacturer within the United States for more than 5 years.

(2) AMOUNT.—The amount of a grant awarded under this section may not be more than $5,000,000.

(e) USE OF FUNDS.—An eligible entity receiving a grant under this section shall use the grant funds to support—

(1) investments in training and workforce development for employees within the garment industry;

(2) the acquisition of relevant tools and equipment for garment manufacturing in the United States;

(3) the acquisition of, and capital improvements to, facilities for garment manufacturing in the United States and to promote the health and safety of employees in such facilities; or

(4) efforts to assist in educating employees about rights under this Act and other relevant Federal, State, or local laws.

(f) RETURN OF FUNDS.—

(1) IN GENERAL.—An eligible entity receiving a grant under this section shall return any unused amount of such grant (in part or in full, as required

by the Secretary) if the Secretary determines the eligible entity violated any provision of this Act, including any amendment made by this Act.

(2) USE OF RETURNED FUNDS.—Amounts returned under paragraph (1) shall be made available for grant awards under subsection (b).

(g) REPORT.—Not later than 6 months after the date on which an eligible entity receives a grant under this section, the eligible entity shall submit to the Secretary a report that includes an account of the use of grant funds awarded under this section.

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $100,000,000 to carry out this section.

SEC. 6. SEVERABILITY.

If any provision of this Act, an amendment made by this Act, or the application of such provision or amendment to any person or circumstance is held to be unconstitutional, the remainder of this Act and the amendments made by this Act, and the application of the provision or amendment to any other person or circumstance, shall not be affected.

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