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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

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

Mr. NADLER introduced the following bill; which was referred to the Committee on _____

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.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fashioning Account-
5 ability and Building Real Institutional Change Act” or the
6 “FABRIC Act”.

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

3 (a) IN GENERAL.—The Fair Labor Standards Act of
4 1938 (29 U.S.C. 201 et seq.) is amended—

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

7 **“SEC. 8. REQUIREMENTS FOR THE GARMENT INDUSTRY.**

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

15 “(b) HOURLY RATES.—

16 “(1) IN GENERAL.—An employer shall pay each
17 employee employed in the garment industry, who in
18 any workweek is engaged in commerce or in the pro-
19 duction of goods for commerce, or is employed in an
20 enterprise engaged in commerce or in the production
21 of goods for commerce, at an hourly rate that is not
22 less than the rate in effect under section 6(a)(1).

23 “(2) INCENTIVE BONUSES.—Nothing in this
24 section shall be construed to prohibit incentive-based
25 bonuses (including bonuses determined by the pro-
26 duction of goods for commerce, by the piece or unit,

1 or by piece rate) for employees employed in the gar-
2 ment industry.

3 “(c) JOINT AND SEVERAL LIABILITY OF BRAND
4 GUARANTORS.—

5 “(1) IN GENERAL.—A brand guarantor who
6 contracts with an employer of an employee described
7 in paragraph (2) for the performance of services in
8 the garment industry shall share joint and several li-
9 ability with such employer for any violations of the
10 employer under this Act involving such employee
11 while the employee is performing work with respect
12 to such brand guarantor.

13 “(2) EMPLOYEES.—An employee described in
14 this paragraph is any employee employed in the gar-
15 ment industry who in any workweek is engaged in
16 commerce or in the production of goods for com-
17 merce, or is employed in an enterprise engaged in
18 commerce or in the production of goods for com-
19 merce.

20 “(3) SUBCONTRACTS.—For purposes of para-
21 graph (1), an employer of an employee described in
22 paragraph (2) includes any other person who,
23 through 1 or more subcontracts, subcontracts with
24 the employer of such an employee for the perform-
25 ance of services in the garment industry.

1 “(4) RULE OF CONSTRUCTION.—Nothing in
2 this subsection shall be construed to preclude a de-
3 termination of joint employment, in the garment in-
4 dustry or otherwise, for entities other than brand
5 guarantors.

6 “(d) NONAPPLICABILITY.—Subsections (a) and (b)
7 shall not apply for purposes of an employee employed in
8 the garment industry who is covered by a bona fide collec-
9 tive bargaining agreement that expressly provides for—

10 “(1) wages, hours of work, and working condi-
11 tions of the employee;

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

16 “(B) a minimum hourly rate of pay for the em-
17 ployee that is not less than 10 percent more than
18 the higher of—

19 “(i) the minimum wage rate under an ap-
20 plicable State law; or

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

23 “(3) a process to resolve disputes concerning
24 nonpayment of wages.

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

4 “(f) DEFINITIONS.—In this section:

5 “(1) BRAND GUARANTOR.—The term ‘brand
6 guarantor’ means any person contracting for the
7 performance of garment manufacturing, including
8 through licensing of a brand or name, regardless of
9 whether the party with whom the person contracts
10 performs the manufacturing operations or hires gar-
11 ment contractors to perform the manufacturing op-
12 erations.

13 “(2) GARMENT.—The term ‘garment’ includes
14 any article of wearing apparel or accessory designed
15 or intended to be worn by an individual, including
16 clothing, hats, gloves, handbags, hosiery, ties, scarfs,
17 and belts.

18 “(3) GARMENT CONTRACTOR.—The term ‘gar-
19 ment contractor’—

20 “(A) means any person who, with the as-
21 sistance of an employee or any other individual
22 compensated by the person, is primarily en-
23 gaged through a contract in garment manufac-
24 turing for another person, including for another

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

3 “(B) includes a subcontractor that is pri-
4 marily engaged in garment manufacturing.

5 “(4) GARMENT INDUSTRY.—The term ‘garment
6 industry’ means the industry of garment manufac-
7 turing.

8 “(5) GARMENT MANUFACTURER.—The term
9 ‘garment manufacturer’—

10 “(A) means a person (including a brand
11 guarantor) that is engaged in garment manu-
12 facturing and has the ability to manufacture
13 garments without contracting with a garment
14 contractor;

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

17 “(C) does not include a garment con-
18 tractor.

19 “(6) GARMENT MANUFACTURING.—

20 “(A) IN GENERAL.—The term ‘garment
21 manufacturing’ means—

22 “(i) sewing, cutting, making, proc-
23 essing, repairing, finishing, assembling,
24 pressing, or dyeing a garment, including a
25 section or component of a garment, de-

1 signed for or intended to be worn by an in-
2 dividual, which is to be sold or offered for
3 sale or resale;

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

7 “(iii) any other form of preparation of
8 a garment described in clause (i) by any
9 person contracting for such preparation;
10 and

11 “(iv) any other operation or practice
12 as may be identified in regulations issued
13 by the Secretary consistent with the pur-
14 poses of this section.

15 “(B) EXCLUSIONS.—The term ‘garment
16 manufacturing’ does not include—

17 “(i) manufacturing of garments by an
18 individual who manufactures the garments
19 by himself or herself without the assistance
20 of a garment contractor, employee, or any
21 other individual;

22 “(ii) cleaning, altering, or tailoring
23 any garment, including a section or compo-
24 nent of a garment, after the garment has
25 been sold at retail; or

1 “(iii) any other form of manufac-
2 turing as may be identified in regulations
3 issued by the Secretary consistent with the
4 purposes of this section.”;

5 (2) in section 15 (29 U.S.C. 215(a))—

6 (A) in subsection (a)—

7 (i) in paragraph (5), by striking
8 “and”;

9 (ii) in paragraph (6), by striking the
10 period at the end and inserting “; and”;
11 and

12 (iii) by adding at the end the fol-
13 lowing:

14 “(7) to violate section 8.”; and

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

17 “(c) For the purposes of subsection (a)(7), it shall
18 be an affirmative defense to an action under such sub-
19 section against a brand guarantor (as defined in section
20 8(f)) if such brand guarantor shows no knowledge of the
21 violation of section 8 alleged in such action.”; and

22 (3) in section 16 (29 U.S.C. 216)—

23 (A) in subsection (b)—

24 (i) by inserting after the third sen-
25 tence the following: “Any person who vio-

1 lates section 8 shall be liable for such legal
2 or equitable relief as may be appropriate to
3 effectuate the purposes of such section, in-
4 cluding the payment of wages lost and an
5 additional equal amount as liquidated dam-
6 ages.”; and

7 (ii) in the last sentence, by striking
8 “15(a)(3)” and inserting “8, 15(a)(3),”;
9 and

10 (B) in subsection (c), by adding at the end
11 the following: “The authority and requirements
12 described in this subsection shall apply with re-
13 spect to a violation of section 8, as appropriate,
14 and the person in such violation shall be liable
15 for such legal or equitable relief as may be ap-
16 propriate to effectuate the purposes of such sec-
17 tion, including the payment of wages lost and
18 an additional equal amount as liquidated dam-
19 ages.”.

20 (b) CONFORMING AMENDMENT.—Section 10 of the
21 Fair Labor Standards Act of 1938 (29 U.S.C. 210) is re-
22 pealed.

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

1 **SEC. 3. REGISTRATION OF GARMENT MANUFACTURERS**
2 **AND CONTRACTORS.**

3 (a) DEFINITIONS.—In this section:

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

7 (2) GARMENT CONTRACTOR; GARMENT INDUS-
8 TRY; GARMENT MANUFACTURER; GARMENT MANU-
9 FACTURING.—The terms “garment contractor”,
10 “garment industry”, “garment manufacturer”, and
11 “garment manufacturing” have the meanings given
12 such terms in section 8(f) of the Fair Labor Stand-
13 ards Act of 1938 (29 U.S.C. 208(f)).

14 (3) PRODUCTION EMPLOYEE.—The term “pro-
15 duction employee”, with respect to a garment manu-
16 facturer or garment contractor, means any employee
17 of the manufacturer or contractor who is engaged in
18 the garment industry.

19 (4) SECRETARY.—The term “Secretary” means
20 the Secretary of Labor, acting through the Under-
21 secretary of the Garment Industry appointed under
22 section 4(b).

23 (b) REQUIREMENT TO REGISTER WITH THE DE-
24 PARTMENT OF LABOR.—Beginning on the date that is 6
25 months after the date of enactment of this Act, no gar-
26 ment manufacturer or garment contractor shall engage in

1 the garment industry during any year unless the manufac-
2 turer or contractor has registered for such year with the
3 Secretary in accordance with this section.

4 (c) REGISTRATION REQUIREMENTS.—

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

8 (A) a form, in writing, containing the in-
9 formation described in paragraph (2);

10 (B) photographic verification of the iden-
11 tify of—

12 (i) each owner or partner of the gar-
13 ment manufacturer or garment contractor;
14 and

15 (ii) in the case the garment manufac-
16 turer or garment contractor is a corpora-
17 tion, each officer of the corporation;

18 (C) verification that the garment manufac-
19 turer or garment contractor has in effect a
20 workers' compensation insurance policy for all
21 production employees of the manufacturer or
22 contractor; and

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

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

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

6 (B) The name, residential address, and
7 phone number of all production employees of
8 the garment manufacturer or garment con-
9 tractor.

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

12 (i) each owner or partner of the gar-
13 ment manufacturer or garment contractor;

14 (ii) if applicable, each officer of the
15 garment manufacturer or garment con-
16 tractor; and

17 (iii) if applicable, each of the 10 larg-
18 est shareholders of the garment manufac-
19 turer or garment contractor.

20 (D) The name, residential address, and so-
21 cial security number of each person with a fi-
22 nancial interest in the business of the garment
23 manufacturer or garment contractor in the gar-
24 ment industry, and the amount of that interest
25 (if any).

1 (E) In the case in which the garment man-
2 ufacturer or garment contractor is a corpora-
3 tion, a statement ensuring that no shares of the
4 corporation are listed on a national securities
5 exchange or regularly quoted in an over-the-
6 counter market by one or more members of a
7 national or an affiliated securities association.

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

11 (G) If applicable, the tax identification
12 number of the garment manufacturer or gar-
13 ment contractor.

14 (H) A statement of the status of the gar-
15 ment manufacturer or garment contractor as a
16 manufacturer or contractor.

17 (I) A statement of whether the garment
18 manufacturer or garment contractor has con-
19 tracted with a labor organization, and, if so, the
20 name and address of such labor organization.

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

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

3 (I) The garment manufacturer or gar-
4 ment contractor.

5 (II) Any owner of or any partner of
6 the garment manufacturer or garment con-
7 tractor.

8 (III) In the case the garment manu-
9 facturer or garment contractor is a cor-
10 poration, any officer of the corporation or
11 any of the 10 largest shareholders of the
12 corporation.

13 (ii) If any person or entity described in
14 any of subclauses (I) through (III) of clause (i)
15 has violated the Fair Labor Standards Act of
16 1938 within the period described in such clause,
17 a statement of the nature of such violation and
18 the date on which such violation occurred.

19 (K) In the case of a contractor, a state-
20 ment of whether the contractor has subcon-
21 tracted for the cutting, sewing, dyeing, or as-
22 sembling of textiles or apparel or sections or
23 components of apparel.

24 (3) REGISTRATION FEE.—

1 (A) IN GENERAL.—The registration fee re-
2 quired under this subsection for each year shall
3 be not less than \$200.

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

8 (C) USE.—The Secretary shall use the
9 total amount of each registration fee required
10 under this subsection for carrying out this sec-
11 tion.

12 (d) SUBMISSION.—

13 (1) CONSOLIDATION.—Each division, subsidiary
14 corporation, or related company of a garment manu-
15 facturer or garment contractor may, at the option of
16 the manufacturer or contractor, be named and in-
17 cluded under 1 registration under this section.

18 (2) TIMING.—

19 (A) IN GENERAL.—Except as provided
20 under subparagraph (B), each registration sub-
21 mitted under this section shall be filed not later
22 than the date that is 6 months after the date
23 of enactment of this Act and annually there-
24 after on a date determined by the Secretary.

1 (B) NEW MANUFACTURERS OR CONTRAC-
2 TORS.—In the case of a garment manufacturer
3 or garment contractor that begins garment
4 manufacturing operations or enters into a con-
5 tract for such operations for the first time after
6 the date of enactment of this Act, the registra-
7 tion required under this section shall be sub-
8 mitted—

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

13 (ii) annually thereafter on a date de-
14 termined by the Secretary.

15 (e) CERTIFICATES.—

16 (1) IN GENERAL.—The Secretary shall issue a
17 certificate of registration to each garment manufac-
18 turer or garment contractor that submits a registra-
19 tion meeting the requirements under this section.

20 (2) APPLICABILITY.—

21 (A) IN GENERAL.—Except as provided in
22 subparagraph (B), each certificate issued under
23 paragraph (1) shall be effective for a period of
24 12 months.

1 (B) NEW MANUFACTURERS OR CONTRAC-
2 TORS.—A certificate with respect to a registra-
3 tion submitted under subsection (d)(2)(B)(i)
4 shall be effective until the following registration
5 date as determined by the Secretary.

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

11 (4) SUSPENSION OR REVOCATION.—The Sec-
12 retary may suspend or revoke a certificate of reg-
13 istration issued under paragraph (1) if the garment
14 manufacturer or garment contractor that submitted
15 the registration—

16 (A) has knowingly made any misrepresen-
17 tation in the application for such certificate; or

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

20 (f) RECORDKEEPING.—The Secretary shall, through
21 regulations, establish requirements for recordkeeping for
22 all garment manufacturers and garment contractors en-
23 gaging in the garment industry in order to assist in en-
24 forcing the requirements of this section.

25 (g) ENFORCEMENT.—

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

5 (2) CONSIDERATIONS.—In assessing the
6 amount of a penalty under this subsection, the Sec-
7 retary shall give consideration to—

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

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

11 (C) the gravity of the violation;

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

14 (E) the history of the person in complying
15 with the recordkeeping requirements under sub-
16 section (f).

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

20 **SEC. 4. UNDERSECRETARY OF THE GARMENT INDUSTRY.**

21 (a) IN GENERAL.—There is established in the De-
22 partment of Labor the Office of the Garment Industry (re-
23 ferred to in this section as the “Office”).

24 (b) UNDERSECRETARY.—

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

5 (2) FUNCTIONS.—The Undersecretary shall—

6 (A) carry out section 3 using sums appro-
7 priated under subsection (c);

8 (B) carry out the national domestic gar-
9 ment manufacturing support program under
10 section 5; and

11 (C) provide assistance to the Administrator
12 of the Wage and Hour Division in enforcing
13 section 8 of the Fair Labor Standards Act of
14 1938 (29 U.S.C. 208).

15 (c) AUTHORIZATION OF APPROPRIATIONS.—

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

18 (A) \$10,000,000 for fiscal year 2027, to
19 establish the Office and carry out the functions
20 described in subparagraphs (A) and (C) of sub-
21 section (b)(2); and

22 (B) \$3,000,000 for each of fiscal years
23 2028 through 2032, to carry out the functions
24 described in subparagraphs (A) and (C) of sub-
25 section (b)(2).

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

5 **SEC. 5. NATIONAL DOMESTIC GARMENT MANUFACTURING**
6 **SUPPORT PROGRAM.**

7 (a) DEFINITIONS.—In this section:

8 (1) ELIGIBLE ENTITY.—The term “eligible enti-
9 ty” means an entity that is—

10 (A) a garment manufacturer that is incor-
11 porated in and performs garment manufac-
12 turing within the United States; or

13 (B) a nonprofit organization that provides
14 workforce development opportunities with re-
15 spect to the garment industry.

16 (2) GARMENT INDUSTRY; GARMENT MANUFAC-
17 TURER; GARMENT MANUFACTURING.—The terms
18 “garment industry”, “garment manufacturer”, and
19 “garment manufacturing” have the meanings given
20 such terms in section 8(f) of the Fair Labor Stand-
21 ards Act of 1938 (29 U.S.C. 208(f)).

22 (3) SECRETARY.—The term “Secretary” means
23 the Secretary of Labor, acting through the Under-
24 secretary of the Garment Industry appointed under
25 section 4(b).

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

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

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

11 (2) an implementation plan of such project that
12 reflects the expected participation of, and partner-
13 ship with, applicable labor organizations and rel-
14 evant community stakeholders.

15 (d) AWARD.—

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

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

21 (B) that are certified by a State in which
22 such eligible entity operates as a minority-
23 owned business, women-owned business, or vet-
24 eran-owned business; or

1 (C) that have operated as a garment man-
2 ufacturer within the United States for more
3 than 5 years.

4 (2) AMOUNT.—The amount of a grant awarded
5 under this section may not be more than
6 \$5,000,000.

7 (e) USE OF FUNDS.—An eligible entity receiving a
8 grant under this section shall use the grant funds to sup-
9 port—

10 (1) investments in training and workforce devel-
11 opment for employees within the garment industry;

12 (2) the acquisition of relevant tools and equip-
13 ment for garment manufacturing in the United
14 States;

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

19 (4) efforts to assist in educating employees
20 about rights under this Act and other relevant Fed-
21 eral, State, or local laws.

22 (f) RETURN OF FUNDS.—

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

1 by the Secretary) if the Secretary determines the eli-
2 gible entity violated any provision of this Act, includ-
3 ing any amendment made by this Act.

4 (2) USE OF RETURNED FUNDS.—Amounts re-
5 turned under paragraph (1) shall be made available
6 for grant awards under subsection (b).

7 (g) REPORT.—Not later than 6 months after the date
8 on which an eligible entity receives a grant under this sec-
9 tion, the eligible entity shall submit to the Secretary a re-
10 port that includes an account of the use of grant funds
11 awarded under this section.

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

15 **SEC. 6. SEVERABILITY.**

16 If any provision of this Act, an amendment made by
17 this Act, or the application of such provision or amend-
18 ment to any person or circumstance is held to be unconsti-
19 tutional, the remainder of this Act and the amendments
20 made by this Act, and the application of the provision or
21 amendment to any other person or circumstance, shall not
22 be affected.