

LEGAL UPDATES

PUBLISHED: MARCH 19, 2024

Services

Labor & Employment
Non-Competes &
Restrictive Covenants

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New York City Introduces Bill to Ban Non-Competes

In December 2023, New York governor Kathy Hochul vetoed a bill that would have banned non-compete agreements for workers in New York. Governor Hochul stated that while she recognizes the need to restrict non-compete agreements for middle-class and low-wage workers, that interest must be balanced with New York employers' ability to retain highly compensated talent in a competitive market. The proposed bill, she indicated, was too broad, offering a "one-size-fits-all-approach" for all non-compete agreements regardless of the wage of the worker. Governor Hochul stated she would support a bill that allows non-compete agreements for employees who earn more than \$250,000 a year.

In the wake of the governor's veto, New York City has introduced its own proposed ban on non-competes. On February 28, 2023, bill Int. No. 0140-2024 was introduced in the New York City Council. The bill would amend the City administrative code to prohibit non-compete agreements with employees, unpaid workers, and independent contractors. The bill would also retroactively apply to all non-compete agreements entered into prior to the effective date of the bill, which would be 120 days after the bill becomes law. The bill is similar to the state bill vetoed by Governor Hochul in that it does not provide an exception for high-income earners. In addition to rendering non-competes unenforceable, violators would be subject to a \$500 civil penalty per violation enforced by the Department of Consumer and Worker Protection Office of Labor Policy & Standards. It is not clear whether the New York City Council will pass the bill.

What this means to you

Because of Governor Hochul's veto, non-compete agreements are still enforceable in New York, but New York City's proposed ban may prohibit non-compete agreements for all workers in New York City.

Contact us

Husch Blackwell will continue to monitor both statewide and local developments regarding New York non-competes. If you have any questions about how the potential New York City ban could affect your business, please reach out to Jenna Brofsky, Allison Minicky, or your Husch Blackwell attorney.