

STATE OF NEW YORK

6554

2017-2018 Regular Sessions

IN SENATE

June 2, 2017

Introduced by Sen. YOUNG -- (at request of the Attorney General) -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the labor law, in relation to prohibiting non-compete agreements and certain restrictive covenants

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The labor law is amended by adding a new section 191-d to
2 read as follows:

3 § 191-d. Non-compete agreements. 1. For the purposes of this section,
4 the term:

5 a. "Non-compete agreement" means an agreement, or clause contained in
6 an employment contract, between an employer and an employee that prohib-
7 its or restricts such employee from obtaining employment, after the
8 conclusion of employment with the employer included as a party to the
9 agreement:

10 (i) for a specified period of time;

11 (ii) in any specified geographical area; and/or

12 (iii) with any particular other employer or in any particular indus-
13 try.

14 b. "Covered employee" means any employee whose earnings are less than
15 seventy-five thousand dollars annually. This threshold shall be annually
16 increased, where warranted by application of the below-described formu-
17 la, pursuant to a percentage to be determined by reference to the
18 consumer price index, published by the United States Bureau of Labor
19 Statistics, for the applicable calendar year. Said percentage shall
20 equal fifty percent of the annual inflation, as determined from the
21 increase in the consumer price index in the one-year period ending on
22 March thirty-first prior to the cost-of-living adjustment effective on
23 the ensuing September first. Said percentage shall then be rounded up to
24 the next higher one-tenth of one percent and shall not exceed three

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 percent. If the percentage increase would be less than one percent, the
2 threshold shall not increase.

3 2. No employer or its agent, or the officer or agent of any corpo-
4 ration, partnership, or limited liability company, shall seek, require,
5 demand or accept a non-compete agreement from a covered employee.

6 3. For all employees other than covered employees, no employer or his
7 or her agent, or the officer or agent of any corporation, partnership,
8 or limited liability company, shall seek, require, demand or accept a
9 non-compete agreement from any employee unless the non-compete agreement
10 meets the following requirements:

11 a. It shall be in writing and signed by the employer and employee.

12 b. It shall be provided to a prospective employee by the earlier of a
13 formal offer of employment or thirty days before the non-compete agree-
14 ment goes into effect.

15 c. If a current employee is not subject to a non-compete agreement,
16 any new non-compete agreement must be provided at least thirty days
17 before the agreement becomes effective.

18 4. If an employee subject to a non-compete agreement is discharged
19 without cause, the non-compete agreement is no longer enforceable as to
20 that employee.

21 5. a. An employee, including a covered employee, may bring a civil
22 action in a court of competent jurisdiction against any employer or
23 persons alleged to have violated this section. An employee shall bring
24 such action within two years of the later of: (i) when the prohibited
25 non-compete agreement was signed; (ii) when the employee learns of the
26 prohibited non-compete agreement; (iii) when the employment relationship
27 is terminated; or (iv) when the employer takes any step to enforce the
28 non-compete agreement. The court shall have jurisdiction to void any
29 such non-compete agreement and to order all appropriate relief, includ-
30 ing enjoining the conduct of any person or employer; ordering payment of
31 liquidated damages; and awarding lost compensation, damages, reasonable
32 attorneys' fees and costs.

33 b. For the purposes of this subdivision, liquidated damages shall be
34 calculated as an amount not more than ten thousand dollars. The court
35 shall award liquidated damages to every employee affected under this
36 section, in addition to any other remedies permitted by this section.

37 c. The court shall also award a consideration payment if the employer
38 did not provide such payment when due.

39 § 2. Severability clause. If any clause, sentence, paragraph, subdivi-
40 sion, section or part of this act shall be adjudged by any court of
41 competent jurisdiction to be invalid, such judgment shall not affect,
42 impair, or invalidate the remainder thereof, but shall be confined in
43 its operation to the clause, sentence, paragraph, subdivision, section
44 or part thereof directly involved in the controversy in which such judg-
45 ment shall have been rendered. It is hereby declared to be the intent of
46 the legislature that this act would have been enacted even if such
47 invalid provisions had not been included herein.

48 § 3. This act shall take effect on the one hundred eightieth day after
49 it shall have become a law.