

# STATE OF NEW YORK

2504

2019-2020 Regular Sessions

## IN ASSEMBLY

January 23, 2019

Introduced by M. of A. DINOWITZ, GOTTFRIED, STECK, L. ROSENTHAL, ZEBROWSKI, GALEF, MOSLEY, BLAKE, FAHY, SANTABARBARA, D'URSO, ABINANTI -- Multi-Sponsored by -- M. of A. BRAUNSTEIN, COOK, ENGLEBRIGHT, EPSTEIN, GLICK, SIMON, WRIGHT -- read once and referred to the Committee on Labor

AN ACT to amend the labor law, in relation to prohibiting employers from requiring low-wage employees to enter into covenants not to compete and requiring employers to notify potential employees of any requirement to enter into a covenant not to compete

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

Section 1. This act shall be known and may be cited as the "New York State mobility and opportunity for vulnerable employees act" or the "NY MOVE act".

§ 2. The labor law is amended by adding a new article 33 to read as follows:

### ARTICLE 33

#### NEW YORK STATE MOBILITY AND OPPORTUNITY FOR VULNERABLE EMPLOYEES ACT Section 950. Definitions.

951. Prohibiting covenants not to compete for low-wage employees.

952. Disclosure requirement for covenants not to compete.

953. Enforcement.

§ 950. Definitions. For purposes of this article, the following terms shall have the following meanings:

1. "Commerce" has the meaning given such term in section three of the Fair Labor Standards Act of 1938 (29 U.S.C. 203).

2. "Covenant not to compete" means an agreement:

(a) between an employee and employer that restricts such employee from performing:

(i) any work for another employer for a specified period of time;

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

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1 (ii) any work in a specified geographical area; or  
2 (iii) work for another employer that is similar to such employee's  
3 work for the employer included as a party to the agreement; and  
4 (b) that is entered into after the effective date of this article.

5 3. "Employee", "employer", "enterprise", "enterprise engaged in  
6 commerce or in the production of goods for commerce", and "goods" have  
7 the meanings given such terms in section three of the Fair Labor Stand-  
8 ards Act of 1938 (29 U.S.C. 203).

9 4. "Livable hourly rate" means:

10 (a) for the fiscal year of the effective date of this article, the  
11 greater of:

12 (i) fifteen dollars per hour; or

13 (ii) the hourly rate equal to the minimum wage required by the appli-  
14 cable state or local minimum wage law; and

15 (b) for each succeeding fiscal year, the greater of:

16 (i) the adjusted amount described in subdivision three of section nine  
17 hundred fifty-one of this article; or

18 (ii) the hourly rate equal to the minimum wage required by the appli-  
19 cable state or local minimum wage law.

20 5. "Low-wage employee":

21 (a) means an employee who, excluding any overtime compensation  
22 required under section seven of the Fair Labor Standards Act of 1938 (29  
23 U.S.C. 207) or under an applicable state law, receives from the applica-  
24 ble employer:

25 (i) an hourly compensation that is less than the liveable hourly rate;  
26 or

27 (ii) an annual compensation that is equal to or less than:

28 (A) for the fiscal year of the effective date of this article, thir-  
29 ty-one thousand two hundred dollars per year; and

30 (B) for each succeeding fiscal year, the adjusted amount described in  
31 subdivision three of section nine hundred fifty-one of this article; and

32 (b) does not include any salaried employee who receives from the  
33 applicable employer compensation that, for two consecutive months, is  
34 greater than:

35 (i) for the fiscal year of the effective date of this article, five  
36 thousand dollars; and

37 (ii) for each succeeding fiscal year, the adjusted amount described in  
38 subdivision three of section nine hundred fifty-one of this article.

39 § 951. Prohibiting covenants not to compete for low-wage employees. 1.  
40 No employer shall enter into a covenant not to compete with any low-wage  
41 employee of such employer, who in any work week is engaged in commerce  
42 or in the production of goods for commerce (or is employed in an enter-  
43 prise engaged in commerce or in the production of goods for commerce).

44 2. An employer who employs any low-wage employee, who in any work week  
45 is engaged in commerce or in the production of goods for commerce (or is  
46 employed in an enterprise engaged in commerce or in the production of  
47 goods for commerce), shall post notice of the provisions of this article  
48 in a conspicuous place on the premises of such employer.

49 3. (a) For each fiscal year after the fiscal year of the effective  
50 date of this article, the commissioner shall adjust each amount in  
51 effect under subparagraph (i) of paragraph (b) of subdivision four of  
52 section nine hundred fifty of this article, clause (B) of subparagraph  
53 (ii) of paragraph (a) of subdivision five of section nine hundred fifty  
54 of this article, or subparagraph (i) of paragraph (b) of subdivision  
55 five of section nine hundred fifty of this article for inflation by  
56 increasing each such amount, as in effect for the preceding fiscal year,

1 by the annual percentage increase in the Consumer Price Index for Urban  
2 Wage Earners and Clerical Workers (United States city average, all  
3 items, not seasonally adjusted), or its successor publication, as deter-  
4 mined by the Bureau of Labor Statistics.

5 (b) The amounts adjusted under paragraph (a) of this subdivision shall  
6 be rounded to the nearest multiple of \$0.05.

7 § 952. Disclosure requirement for covenants not to compete. In order  
8 for an employer to require an employee, who in any work week is engaged  
9 in commerce or in the production of goods for commerce (or is employed  
10 in an enterprise engaged in commerce or in the production of goods for  
11 commerce) and is not a low-wage employee, to enter into a covenant not  
12 to compete, the employer shall, prior to the employment of such employee  
13 and at the beginning of the process for hiring such employee, have  
14 disclosed to such employee the requirement for entering into such coven-  
15 ant.

16 § 953. Enforcement. 1. The commissioner shall have the power to  
17 receive, investigate, attempt to resolve, and enforce a complaint of a  
18 violation of sections nine hundred fifty-one and nine hundred fifty-two  
19 of this article, subject to subdivision two of this section.

20 2. (a) The commissioner shall impose a civil fine:

21 (i) with respect to any employer who violates subdivision one of  
22 section nine hundred fifty-one or section nine hundred fifty-two of this  
23 article, an amount not to exceed five thousand dollars for each employee  
24 who was the subject of such violation; and

25 (ii) with respect to any employer who violates subdivision two of  
26 section nine hundred fifty-one of this article, an amount not to exceed  
27 five thousand dollars.

28 (b) In determining the amount of any civil fine under this section,  
29 the commissioner shall consider the appropriateness of the fine to the  
30 size of the employer subject to such fine and the gravity of the appli-  
31 cable violation.

32 § 3. This act shall take effect immediately and shall apply to employ-  
33 ees hired on and after such date.