

# STATE OF NEW YORK

5790

2019-2020 Regular Sessions

## IN SENATE

May 15, 2019

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

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.

LBD07440-01-9

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 6. The provisions of this section shall not apply to employees  
40 covered under section two hundred two-k of this chapter.

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

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