

STATE OF NEW YORK

4641--A

2025-2026 Regular Sessions

IN SENATE

February 10, 2025

Introduced by Sen. S. RYAN -- read twice and ordered printed, and when printed to be committed to the Committee on Labor -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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 any agreement, or clause contained
6 in any agreement, between an employer and a covered individual that
7 prohibits or restricts such covered individual from obtaining employ-
8 ment, after the conclusion of employment with the employer included as a
9 party to the agreement;

10 (b) "covered individual" means any person other than a highly compen-
11 sated individual who, whether or not employed under a contract of
12 employment, performs or has performed work or services for another
13 person on such terms and conditions that they are, in relation to that
14 other person, in a position of economic dependence on, and under an
15 obligation to perform duties for, that other person;

16 (c) "highly compensated individual" means any individual who is
17 compensated at an average annualized rate of cash compensation deter-
18 mined by the income listed on the individual's three most recent W-2
19 statements and, where applicable, K-1 statements, or all such statements
20 from the duration of the individual's employment if the term of employ-
21 ment is less than three years, equivalent to or greater than five
22 hundred thousand dollars per year, provided that such compensation level
23 shall be adjusted each calendar year, beginning in two thousand twenty-

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

LBD09274-02-5

1 seven, based on the increase, if any, in the Consumer Price Index for
2 all Urban Consumers for New York state, with the base year of two thou-
3 sand twenty-six; and

4 (d) "health related professional" means a physician licensed pursuant
5 to article one hundred thirty-one of the education law, a physician
6 assistant licensed pursuant to article one hundred thirty-one-B of the
7 education law, a chiropractor licensed pursuant to article one hundred
8 thirty-two of the education law, a dentist licensed pursuant to article
9 one hundred thirty-three of the education law, a perfusionist licensed
10 pursuant to article one hundred thirty-four of the education law, a
11 veterinarian licensed pursuant to article one hundred thirty-five of the
12 education law, a physical therapist licensed pursuant to article one
13 hundred thirty-six of the education law, a pharmacist licensed pursuant
14 to article one hundred thirty-seven of the education law, a nurse
15 licensed pursuant to article one hundred thirty-nine of the education
16 law, a podiatrist licensed pursuant to article one hundred forty-one of
17 the education law, an optometrist licensed pursuant to article one
18 hundred forty-three of the education law, a psychologist licensed pursu-
19 ant to article one hundred fifty-three of the education law, an occupa-
20 tional therapist licensed pursuant to article one hundred fifty-six of
21 the education law, a speech pathologist or audiologist licensed pursuant
22 to article one hundred fifty-nine of the education law, or a mental
23 health practitioner licensed pursuant to article one hundred sixty-three
24 of the education law.

25 2. No employer or its agent, or the officer or agent of any corpo-
26 ration, partnership, limited liability company, not-for-profit corpo-
27 ration or association or other entity, shall seek, require, demand or
28 accept a non-compete agreement from any covered individual or health
29 related professional. Any non-compete agreement sought, required,
30 demand or accepted after the effective date of this section shall be
31 null, void, and unenforceable.

32 3. (a) A covered individual, may bring a civil action in a court of
33 competent jurisdiction against any employer or persons alleged to have
34 violated this section. A covered individual shall bring such action
35 within two years of the later of: (i) when the prohibited non-compete
36 agreement was signed; (ii) when the covered individual learns of the
37 prohibited non-compete agreement; (iii) when the employment or contrac-
38 tual relationship is terminated; or (iv) when the employer takes any
39 step to enforce the non-compete agreement. The court shall have juris-
40 isdiction to void any such non-compete agreement and to order all appro-
41 priate relief, including enjoining the conduct of any person or employ-
42 er; ordering payment of liquidated damages; and awarding lost
43 compensation, compensatory damages, reasonable attorneys' fees and costs
44 to the covered individual or health related professional.

45 (b) For the purposes of this subdivision, liquidated damages shall be
46 calculated as an amount not more than ten thousand dollars per covered
47 individual or health related professional. The court shall award liqui-
48 dated damages to every covered individual affected under this section,
49 in addition to any other remedies permitted by this section.

50 4. Nothing in this section shall be construed or interpreted as limit-
51 ing the protections of individuals under any other provision of federal,
52 state, or local law, rule, or regulation relating to the ability of an
53 employer to enter into an agreement with a prospective or current
54 covered individual or health related professional that: (a) establishes
55 a fixed term of service and/or exclusivity during employment; (b)
56 prohibits disclosure of trade secrets; (c) prohibits disclosure of

1 confidential and proprietary client information; or (d) prohibits solici-
2 itation of clients of the employer; provided that such agreements do not
3 otherwise restrict competition in violation of this section.

4 5. Nothing in this section shall be construed to amend, modify,
5 impair, or otherwise affect the application of enforcement of section
6 two hundred two-k of this chapter, nor shall it be interpreted to create
7 any conflict or inconsistency with such provision.

8 6. Notwithstanding any other provision of this section to the contra-
9 ry, nothing in this section shall prohibit the inclusion and enforcement
10 of non-compete agreements or other similar covenants in the sale of the
11 goodwill of a business or the sale or disposition of a majority of an
12 ownership interest in a business by a partner of a partnership, a member
13 of a limited liability company, or an entity for:

14 (a) any such partner of a partnership or member of a limited liability
15 company owning at least a fifteen percent interest in such partnership
16 or limited liability company; or

17 (b) any such person or entity owning fifteen percent or more ownership
18 interest in a business.

19 7. Any non-compete agreement that is permissible or enforceable under
20 this section shall:

21 (a) meet all requirements for determining enforceability under the
22 common law of New York, including but not limited to: (i) it is reason-
23 able in time, geography, and scope; (ii) it does not impose an undue
24 hardship on the employee; (iii) it does not harm the public; (iv) it is
25 necessary to protect the employer's legitimate business interests; and
26 (v) its restrictions are no greater than necessary to protect the legit-
27 imate business interests of the employer. A non-compete agreement that
28 is reasonable in time pursuant to subparagraph (i) of this paragraph
29 shall not contain a term of restriction greater than one year; and

30 (b) provide for the payment of salary during the period of enforcement
31 of the non-compete agreement.

32 8. No choice of law provision or choice of venue provision that would
33 have the effect of avoiding or limiting the requirements of this section
34 shall be enforceable if the covered individual is and has been, for at
35 least thirty days immediately preceding the covered individual's cessa-
36 tion of employment, a resident of New York or employed in New York,
37 including individuals who work remotely in another state but who report
38 to a New York worksite or office or who report to a New York-based
39 supervisor.

40 9. Every employer shall inform their employees of their protections
41 and rights under this section by posting a notice thereof pursuant to
42 section forty-five of this chapter. Such notice shall be posted conspic-
43 uously in easily accessible and well-lighted places customarily
44 frequented by employees and applicants for employment.

45 § 2. The labor law is amended by adding a new section 45 to read as
46 follows:

47 § 45. Notice to employees related to non-compete agreements. The
48 department shall be tasked with developing a notice to inform employees
49 of their protections and rights pursuant to section one hundred ninety-
50 one-d of this chapter. Such notice shall be provided to employers for
51 distribution to employees and posted on the department's website.

52 § 3. Severability clause. If any clause, sentence, paragraph, subdivi-
53 sion, section or part of this act shall be adjudged by any court of
54 competent jurisdiction to be invalid, such judgment shall not affect,
55 impair, or invalidate the remainder thereof, but shall be confined in
56 its operation to the clause, sentence, paragraph, subdivision, section

1 or part thereof directly involved in the controversy in which such judg-
2 ment shall have been rendered. It is hereby declared to be the intent of
3 the legislature that this act would have been enacted even if such
4 invalid provisions had not been included herein.

5 § 4. This act shall take effect on the thirtieth day after it shall
6 have become a law and shall be applicable to contracts entered into or
7 modified on or after such effective date and shall have no retroactive
8 effect; provided, however, that section two of this act shall take
9 effect on the one hundred eightieth day after it shall have become a
10 law. Effective immediately, the addition, amendment, and/or repeal of
11 any rule or regulation necessary for the implementation of this act on
12 its effective date are authorized to be made and completed on or before
13 such effective date.