Governor Vetoes New York Non-Compete Bill, Demands Modifications Before Signing



1/31/2024

On December 22, 2023, New York Governor Kathy Hochul vetoed a bill that proposed a ban on non-compete agreements (SB 3100), stating that certain amendments must be made to strike a balance between worker protection and industry needs. The bill, passed by the New York State Legislature on June 20, 2023, aims to restrict most new noncompetition agreements for workers.

Governor Hochul has specifically advocated for the inclusion of a sale-of-business exception and the potential introduction of a $250,000 salary threshold in any revised bill.

The proposed bill seeks to amend the New York State Labor Law, introducing a new section that prohibits employers and entities from enforcing non-compete agreements on covered individuals. “Covered individual” refers to any person who, whether or not employed under a contract of employment, performs work or services for another person on terms and conditions that render him or her, in relation to that other person, economically dependent on and obligated to perform duties for that other person. Covered individuals would be granted the right to file lawsuits within two years of specific triggering events, and courts would have the authority to invalidate noncompete agreements, awarding compensation for damages, attorney’s fees, and liquidated damages.

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