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June 28, 2023

June Tip of the Month: New York State Legislature Passes Bill Banning Noncompete Agreements



On June 20, 2023, the New York State Legislature passed a bill which, if signed by Governor Kathy Hochul, will impose a blanket ban on—and render unlawful—all future noncompete agreements in New York. As explained more fully in a recent [Update](#), if enacted, the law will prohibit New York employers from entering into post-employment noncompete agreements with any worker, regardless of the worker's position, classification, or salary. The law will also create a private right of action, enabling covered individuals to file a lawsuit in response to alleged violations. In addition to the noncompete agreement being voided, employers found to be in violation of the law could be subject to injunctive relief and monetary damages, including lost compensation, attorneys' fees and costs, and liquidated damages up to \$10,000 per violation. If signed into law, the law will take effect 30 days thereafter. In anticipation of this transformative change and the growing number of jurisdictions prohibiting or limiting the use of noncompete agreements and other restrictive covenants, employers must closely assess their employment-related agreements and policies and consider alternate, lawful means of protecting their business interests.

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