



# Will New York State Lawmakers Ban Non-Competes in 2025? Here's What Employers Need to Know About a Brewing State Law Trend

Insights

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Now that the federal non-compete ban has been shelved, we expect lawmakers in blue states to ramp up their efforts in this area. In particular, New York State lawmakers will likely introduce legislation that addresses some of the issues that caused Gov. Hochul to veto a non-compete ban passed in 2023. New York employers have historically been able to enter reasonable non-compete agreements with their workers – so this potential legislation could prompt significant changes to your employment practices. Moreover, since the incoming Trump administration isn't expected to defend the now-halted federal non-compete ban in ongoing legal battles, employers should prepare for more states to take up this issue in the year ahead. Here's what you need to know about non-compete efforts in New York State and beyond.

## What's Happening?

- **Prior Effort Failed.** Although New York State lawmakers passed a non-compete ban in 2023, Gov. Hochul vetoed the bill primarily because she wanted to see exceptions allowing non-competes in connection with the sale of a business and for high-income earners that have more negotiating power. While the Governor and state legislature were not able to reach an agreement on a salary cap, lawmakers have indicated their intent to continue efforts to enact legislation restricting non-competes statewide.
- **Lawmaker Signals Revival.** Earlier this month, Bloomberg Law reported that State Sen. Sean Ryan (D) – the sponsor of the prior bill – said he plans to introduce a revised proposal by February. He is also seeking to coordinate efforts with nearby states to create similar restrictions throughout the region.
- **State Trend Expected to Pick Up After Federal Law Blocked.** Although the FTC recently sought to ban non-competes nationwide, a Texas federal court struck down the rule in August, and we don't expect the Trump administration to follow through on appeals. Therefore, all eyes are on the states, and New York in particular.

You should note that some states – including California, Minnesota, North Dakota, and Oklahoma – already broadly ban most non-compete agreements. Several more states, such as Colorado and Illinois, ban such agreements for workers who earn less than a certain threshold – and those states and several others impose strict notice requirements and other limitations on the use of non-

compete provisions. Additionally, a number of states impose limitations on the use of non-compete provisions in certain industries or with certain types of workers, including most recently, [a new Maryland law](#) that significantly restricts employers from using non-competition agreements for many healthcare and veterinary professionals. At the local level, New York City lawmakers [have also considered restrictions](#) of their own.

## What Can We Expect in New York's New Bill?

We expect the revised New York State bill to be very similar to the 2023 proposal but with the added exception for sale of a business and a possible salary threshold. Key aspects of the previous bill included:

- **Existing Agreements Not Affected.** The bill would have banned any non-compete agreement entered into or modified on or after the effective date of the law. If the bill had been signed by the Governor, existing non-competes would have remained enforceable, but employers would not have been allowed to enter into new agreements or modify existing ones.
- **Broad Definition.** The bill defined “non-compete agreement” as any agreement, or clause contained in any agreement, that prohibits or restricts a worker from obtaining employment after the conclusion of employment with the employer included as a party to the agreement. In addition to employees, independent contractors would have been covered if they were in a position of economic dependence on the employer.
- **Exceptions.** The bill excluded certain other restrictive covenants from coverage. Specifically, agreements that prohibit disclosure of trade secrets or confidential or proprietary information would still have been permitted – as well as client non-solicitation agreements, so long as they only prohibited solicitation of clients of the employer that the worker learned about during employment.
- **Employee Non-Solicitation Agreements Not Mentioned.** The bill did not specifically mention agreements banning solicitation of other employees, which presumably would have remained permissible.
- **No Exception for Sale of Business.** As we noted above, the prior bill did not contain an exception for non-competes in the business sale context, unlike the other existing states that ban non-compete agreements. But we expect this exception to be added to the new bill.

Under the prior proposal, employees and contractors would have the right to sue in court for any violations of the law. An aggrieved worker would be entitled to “all appropriate relief,” including injunctive relief, lost compensation, attorneys’ fees, and liquidated damages up to \$10,000.

## What Should You Do?

- **Stay Informed.** If your organization uses non-compete agreements, you should pay close attention to developments at the state level, particularly if you operate in New York. Be prepared

for the possibility that you will not be able to use these agreements in New York State at some point in the near future.

- **Take Inventory.** Although you don't have to make any changes yet in New York, you may want to look over both your employee and independent contractor agreements to determine whether they contain non-compete provisions. Once identified, it could be helpful to create a catalogue of those documents, with location, version, and employee key attributes (including compensation) to ease transition to compliant documents.
- **Explore Alternatives.** You should consider whether you can protect your company's interests with a less burdensome restriction, geared only towards protecting disclosure of sensitive information and prohibiting customer non-solicitation.
- **Ensure You're Protected.** Review your other forms of restrictive covenants that will likely still be permitted under New York law (such as customer non-solicitation, employee non-recruiting, confidentiality, and trade secret non-disclosure) to ensure they are robust and provide you with sufficient and appropriate protections for the particular circumstance (the nature of the position, protectible interests, and protected information).

## Conclusion

We will continue to monitor developments and provide updates, so make sure you are subscribed to [Fisher Phillips' Insight System](#) to gather the most up-to-date information. If you have questions, please contact your Fisher Phillips attorney, the authors of this Insight, or any attorney in our [New York City](#) office or member of our [Employee Defection and Trade Secrets Practice Group](#).

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