

CLIENT ALERT

New York Governor Vetoes Bill Banning Non-Compete Agreements; New Legislation Likely To Be Introduced In 2024

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AUTHORS

James C. Dugan | **Wesley R. Powell** | **Andrew Spital** | **Kenneth D. Sommer**

On December 22, 2023, New York State Governor Kathy Hochul vetoed a bill that would have banned new non-compete agreements for workers in the state (the “Bill”). The Bill sought to broadly ban “[e]very contract by which anyone is restrained from engaging in a lawful profession, trade, or business.” As noted in our prior [client alert](#), the Bill contained significant ambiguities concerning its scope and application.

Prior to vetoing the Bill, Governor Hochul stated that she sought to balance protecting lower- and middle-income workers with preserving the competitiveness of New York businesses. In keeping with this objective the Governor proposed that the non-compete ban apply only to workers earning less than \$250,000 a year. News reports indicated that the Governor’s office and legislators were close to agreement on this salary threshold, but they were unable to agree on how to account for compensation such as bonuses and stock options in determining whether a worker meets the threshold.

In her veto memo, Governor Hochul expressed her continued support for a non-compete ban for low-wage and middle-class workers but stated that she vetoed the Bill because its “one-size-fits-all approach” would have put New York businesses at a disadvantage in “retain[ing] highly compensated talent.” Following the veto, one of the Bill’s co-sponsors, New York State Senator Sean Ryan, released a statement vowing to reintroduce legislation banning non-compete agreements in New York in 2024. For now, non-compete agreements remain enforceable in New York so long as they satisfy long-standing enforceability criteria.

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If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

James C. Dugan

212 728 8654

jdugan@willkie.com

Wesley R. Powell

212 728 8264

wpowell@willkie.com

Andrew Spital

212 728 8756

aspital@willkie.com

Kenneth D. Sommer

212 728 8990

ksommer@willkie.com

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