

# STATE OF NEW YORK

4641

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

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-  
24 seven, based on the increase, if any, in the Consumer Price Index for

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

LBD09274-01-5

1 all Urban Consumers for New York state, with the base year of two thou-  
2 sand twenty-six; and

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

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

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

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

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

1 itation of clients of the employer; provided that such agreements do not  
2 otherwise restrict competition in violation of this section.

3 5. Notwithstanding section two hundred two-k of this chapter, the  
4 provisions of this section shall apply to broadcast employees as defined  
5 in section two hundred two-k of this chapter; provided, however, in the  
6 event that any clause, section, sentence, paragraph, subdivision,  
7 section, or part of this section shall be adjudged by any court of  
8 competent jurisdiction to be invalid, then section two hundred two-k of  
9 this chapter shall remain in effect unless similarly adjudged to be  
10 invalid.

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

17 (a) any such partner of a partnership or member of a limited liability  
18 company owning at least a fifteen percent interest in such partnership  
19 or limited liability company; or

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

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

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

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

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

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

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

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

55 § 3. Severability clause. If any clause, sentence, paragraph, subdivi-  
56 sion, section or part of this act shall be adjudged by any court of

1 competent jurisdiction to be invalid, such judgment shall not affect,  
2 impair, or invalidate the remainder thereof, but shall be confined in  
3 its operation to the clause, sentence, paragraph, subdivision, section  
4 or part thereof directly involved in the controversy in which such judg-  
5 ment shall have been rendered. It is hereby declared to be the intent of  
6 the legislature that this act would have been enacted even if such  
7 invalid provisions had not been included herein.

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