

Client Alert **Employment and Labor**

A Holiday Surprise: New York Governor Vetoes the Proposed Non-Compete Ban

On December 22, New York State Governor Kathy Hochul provided New York State employers with a welcome holiday surprise by announcing her veto to the proposed ban on non-compete agreements. As noted in [our prior client alert](#) concerning the New York legislatures' 2023 passage of its non-compete ban bill, S3100, its restriction was expansive and would have provided a broad ban on non-compete agreements.

The bill sat on Governor Hochul's desk awaiting her signature for several months, keeping New York State employers in a state of uncertainty. Earlier this month, Governor Hochul publicly commented that she would consider a bill which struck the right balance to protect low and middle-income workers, while she recognized that higher income workers have more negotiating power and are in industries that are an important part of New York's economy.

In recent weeks, many anticipated that a compromise may be reached behind the scenes. While it is clear that a compromise has not yet been reached with regard to this specific bill, the Governor has stated that she is open to legislation banning agreements that limit workers' mobility.

We will continue to monitor the situation. Given the debate concerning New York's law in this area, as well as an evolving patchwork of state legislation nationally and a growing movement to restrict such agreements at the federal level (such as proposed by the Federal Trade Commission and the National Labor Relations Board), we recommend that employers take proactive steps now. Employers should consider evaluating their existing confidential information protections exclusive of

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restrictive covenants; specifically, their policies, confidentiality agreements, employee handbooks, and employee training in light of the evolving current law, and take action to update those protections. As always, we are available to provide guidance on these evolving issues.

Our Sills Cummis Employment and Labor Practice Group
can assist employers regarding the issues raised in this alert.

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