



General Assembly

February Session, 2026

Raised Bill No. 5492

LCO No. 2515



Referred to Committee on LABOR AND PUBLIC EMPLOYEES

Introduced by:
(LAB)

**AN ACT CONCERNING LIMITATIONS ON THE USE ON
NONCOMPETE AGREEMENTS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2026*) As used in this section and
2 sections 2 to 6, inclusive, of this act:

3 (1) "Annualized monetary compensation" means (A) wages,
4 commissions, bonuses and equity incentives earned over the course of
5 the prior calendar year, or portion thereof, for which the employee was
6 employed, annualized based on the period of employment and
7 calculated as of (i) the date that enforcement of the covenant not to
8 compete is sought, or (ii) the date of separation from employment,
9 whichever is earlier, and (B) payments made to independent contractors
10 based on services rendered, annualized based on the period during
11 which the independent contractor provided services and calculated as
12 of (i) the date that enforcement of the covenant not to compete is sought,
13 or (ii) the date of separation from employment, whichever is earlier;

14 (2) "Base salary and benefits" means (A) wages, commissions,
15 bonuses and equity incentives earned by an employee over the course

16 of the prior calendar year, and (B) health insurance benefits and other
17 fringe benefits received by an employee over the course of the prior
18 calendar year;

19 (3) "Covenant not to compete" means a contract, provision or other
20 agreement entered into, amended, extended or renewed on or after
21 October 1, 2026, that, for any period of time after separation from
22 employment, restrains a worker from, or imposes penalties on a worker
23 for, engaging in any lawful profession, occupation, trade, calling or
24 business of any kind in any geographic area of the state. "Covenant not
25 to compete" does not include:

26 (A) A nonsolicitation agreement, provided such agreement (i) does
27 not restrict a worker's activities for more than one year, and (ii) is no
28 more restrictive than necessary in duration, geographic scope, type of
29 work and type of employer;

30 (B) A nondisclosure or confidentiality agreement;

31 (C) A contract, contract provision or other agreement in which an
32 employee agrees to not reapply for employment with an employer after
33 being terminated by such employer;

34 (D) Any covenant not to compete, described in sections 20-14p, 20-
35 670 and 31-50b of the general statutes; or

36 (E) Any contract, contract provision or other agreement made either
37 (i) in anticipation of a sale of the goodwill of a business or all of the
38 seller's ownership interest in a business, or (ii) as part of a partnership
39 or ownership agreement;

40 (4) "Employee" means any individual employed or permitted to work
41 by an employer;

42 (5) "Employer" has the same meaning as provided in section 31-71a
43 of the general statutes;

44 (6) "Exclusivity agreement" means a contract, contract provision or
45 other agreement entered into, amended, extended or renewed on or
46 after October 1, 2026, that restrains a worker from, or imposes a penalty
47 on a worker for, (A) being simultaneously employed by the employer
48 and another employer, (B) working as an independent contractor while
49 employed by the employer, or (C) being self-employed while employed
50 by the employer;

51 (7) "Exempt employee" means any employee who is exempt from the
52 minimum wage and overtime requirements of the Fair Labor Standards
53 Act of 1938, as amended from time to time;

54 (8) "Hourly wage" means, (A) for an hourly employee, such
55 employee's wages calculated on an hourly basis, and (B) for any other
56 worker, such worker's annualized monetary compensation converted to
57 an hourly rate by dividing such monetary compensation by two
58 thousand eighty;

59 (9) "Independent contractor" has the same meaning as provided in
60 section 36a-485 of the general statutes;

61 (10) "Legitimate business interest" means an employer's interest in the
62 protection of trade secrets or confidential information that does not
63 qualify as a trade secret or preserving established goodwill with such
64 employer's customers;

65 (11) "Minimum fair wage" has the same meaning as provided in
66 section 31-58 of the general statutes;

67 (12) "Nonsolicitation agreement" means (A) a contract, contract
68 provision or other agreement between an employer and an employee
69 that prohibits, upon separation of employment, such employee from
70 soliciting any (i) employee of such employer to leave the employer, or
71 (ii) customer of such employer to cease or reduce the extent to which
72 such customer is doing business with such employer, or (B) a contract,
73 contract provision or other agreement between an employer and a

74 customer of such employer that prohibits such customer from soliciting
75 an employee of such employer to cease or reduce the extent to which
76 such employee is doing work with such employer;

77 (13) "Separation from employment" means the date on which an
78 employment relationship terminates between an employer or contractor
79 and a worker;

80 (14) "Wages" has the same meaning as provided in section 31-58 of
81 the general statutes; and

82 (15) "Worker" means an employee or an independent contractor.

83 Sec. 2. (NEW) (*Effective October 1, 2026*) (a) A covenant not to compete
84 shall be void and unenforceable against a worker if (1) such worker is
85 (A) an employee whose hourly wage is less than two times the
86 minimum fair wage, or (B) an independent contractor whose hourly
87 wage is less than five times the minimum fair wage, or (2) such covenant
88 not to compete applies to (A) geographic areas in which a worker
89 neither provided services nor had a material presence or influence
90 during the two years prior to such worker's separation from
91 employment, or (B) types of work that the worker did not perform
92 during the two years prior to such worker's separation from
93 employment.

94 (b) A covenant not to compete may be enforceable against a worker
95 if such worker is (1) an employee whose hourly wage is two times or
96 more than the minimum fair wage, or (2) an independent contractor
97 whose hourly wage is five times or more than the minimum fair wage,
98 provided the following conditions are met:

99 (A) The covenant not to compete restricts such worker's competitive
100 activities for a period of not more than one year following the separation
101 from employment, except a covenant not to compete may be enforceable
102 for a period not to exceed two years following the separation from
103 employment if such covenant not to compete is part of an agreement in

104 which the worker is compensated with such worker's base salary and
105 benefits for the entire duration of such covenant not to compete;

106 (B) The covenant not to compete is necessary to protect a legitimate
107 business interest of the employer, provided (i) such legitimate business
108 interest could not reasonably be protected by less restrictive means,
109 including, but not limited to, a nondisclosure agreement, a
110 nonsolicitation agreement or reliance on the protections provided by the
111 provisions of chapter 625 of the general statutes, and (ii) the covenant
112 not to compete is no more restrictive than necessary to protect such
113 legitimate business interest in terms of the duration, geographic scope,
114 type of work and type of employer of the covenant not to compete;

115 (C) The worker subject to the covenant not to compete is an exempt
116 employee;

117 (D) A written copy of the covenant not to compete is provided to the
118 worker not later than five business days prior to (i) the worker's
119 deadline to accept an offer of employment, or enter into an independent
120 contractor relationship, or (ii) the date the covenant not to compete is
121 signed, whichever is earlier, and such written copy includes a statement
122 of the worker's rights that contains the following:

123 (I) Not all covenants not to compete are enforceable against a worker;

124 (II) A covenant not to compete for a worker whose hourly wage is
125 less than the amount described in subsection (a) of this section is not
126 enforceable; and

127 (III) A worker has the right to consult with counsel prior to signing a
128 covenant not to compete;

129 (E) The covenant not to compete is signed by the worker and the
130 employer or contractor separately from any other agreement
131 establishing the relationship between the worker and the employer or
132 contractor;

133 (F) If the covenant not to compete is added to an existing employment
134 or independent contractor agreement, such covenant not to compete is
135 supported by sufficient consideration and is not the sole basis of the
136 continuation of such employment or contract relationship;

137 (G) The employment or contract relationship was not terminated by
138 the worker for good cause attributable to the employer or contractor;

139 (H) The covenant not to compete does not require a worker to submit
140 to adjudication in a forum outside of this state or otherwise deprive such
141 worker of the protections or benefits of this section; and

142 (I) The covenant not to compete is consistent with the provisions of
143 this section and other laws of this state.

144 Sec. 3. (NEW) (*Effective October 1, 2026*) (a) No employer or contractor
145 shall request or require a worker to sign or agree to an exclusivity
146 agreement unless:

147 (1) The worker is (A) an exempt employee whose hourly wage is
148 more than two times the minimum fair wage, or (B) an independent
149 contractor whose hourly wage is more than five times the minimum fair
150 wage; or

151 (2) The worker's additional employment, self-employment or work
152 as an independent contractor would (A) imperil the safety of such
153 worker, such worker's coworkers or the public, or (B) substantially
154 interfere with the reasonable and normal scheduling expectations for
155 such worker. On-call shift scheduling shall not be considered a
156 reasonable scheduling expectation for the purposes of this subdivision.

157 (b) Nothing in this section shall be construed to alter any obligations
158 of a worker to an employer under existing law, including, but not
159 limited to, the common law duty of loyalty, laws preventing conflicts of
160 interest and any corresponding policies addressing such obligations.

161 Sec. 4. (NEW) (*Effective October 1, 2026*) (a) No court shall modify a

162 covenant not to compete or an exclusivity agreement that violates the
163 provisions of section 2 or 3 of this act for the purposes of enforcing such
164 covenant not to compete or exclusivity agreement.

165 (b) If a covenant not to compete or an exclusivity agreement is held
166 unenforceable by a court under section 2 or 3 of this act, any severable
167 provision of a contract or other agreement unrelated to such covenant
168 not to compete shall remain in full force and effect, including, but not
169 limited to, any provisions that require the payment of damages
170 resulting from any injury suffered by separation from employment.

171 (c) The party seeking to enforce a covenant not to compete or an
172 exclusivity agreement against a worker shall have the burden of proof
173 in any enforcement proceeding for such covenant not to compete or
174 exclusivity agreement.

175 (d) The party required to compensate a worker in an agreement in
176 which a worker is compensated with such worker's base salary and
177 benefits for the entire duration of the covenant not to compete shall have
178 the burden of proof in any proceeding to cease compensating such
179 worker.

180 Sec. 5. (NEW) (*Effective October 1, 2026*) (a) Any worker aggrieved by
181 a violation of the provisions of section 2 or 3 of this act may bring a civil
182 action in the superior court for the judicial district where the violation is
183 alleged to have occurred to recover damages, civil penalties and such
184 equitable and injunctive relief as the court deems appropriate. Any
185 person who prevails in such civil action may be awarded reasonable
186 costs and attorney's fees to be taxed by the court.

187 (b) In any such action if the court finds that a covenant not to compete
188 or an exclusivity agreement is in violation of section 2 or 3 of this act,
189 the court may assess a civil penalty against the violator in an amount
190 not exceeding five thousand dollars.

191 Sec. 6. (NEW) (*Effective October 1, 2026*) (a) The Attorney General may

192 investigate, intervene or bring a civil action in the name of the state,
193 seeking injunctive or declaratory relief, damages and any other relief
194 that may be available under law, whenever any employer or contractor
195 is or has engaged in a practice or pattern of conduct that:

196 (1) Subjects, or causes to be subjected, workers to a covenant not to
197 compete that is in violation of section 2 of this act; or

198 (2) Subjects, or causes to be subjected, workers to an exclusivity
199 agreement that is in violation of section 3 of this act.

200 (b) In conducting any investigation under this section, the Attorney
201 General may issue subpoenas and interrogatories, and otherwise gather
202 information, in the same manner and to the same extent as is provided
203 in section 35-42 of the general statutes. No information obtained
204 pursuant to the provisions of this subsection may be used in a criminal
205 proceeding.

206 (c) If the Attorney General prevails in a civil action brought pursuant
207 to this section, the court shall order the distribution of any award of
208 damages to the injured worker. The court may also award civil penalties
209 against each defendant in an amount not exceeding five thousand
210 dollars. No employer or contractor, officer or agent that is found to have
211 violated the provisions of section 2 or 3 of this act shall be liable for an
212 additional penalty under section 31-69 of the general statutes.

213 (d) In lieu of bringing a civil action under this section, the Attorney
214 General may accept an assurance of the discontinuance of any alleged
215 unlawful practice from any employer engaged in such practice.
216 Thereafter, any evidence of a violation of such assurance shall constitute
217 prima facie proof of a violation of the applicable law in any action
218 commenced by the Attorney General.

219 (e) Nothing in this section shall permit the Attorney General to bring
220 an action that would otherwise be barred under the applicable statute
221 of limitations.

222 (f) The Attorney General shall post on the Attorney General's Internet
223 web site information on how to file a complaint with the Attorney
224 General for an alleged violation of section 2 or 3 of this act.

225 (g) Nothing in this section shall permit the Attorney General to assert
226 any claim against a state agency or a state officer or state employee in
227 such officer's or employee's official capacity, regarding actions or
228 omissions of such state agency, state officer or state employee. If the
229 Attorney General determines that a state officer or state employee is not
230 entitled to indemnification under section 5-141d of the general statutes,
231 the Attorney General may, as it relates to such officer or employee, take
232 any action authorized under this section.

233 Sec. 7. Section 31-50a of the general statutes is repealed and the
234 following is substituted in lieu thereof (*Effective October 1, 2026*):

235 (a) No employer may require any person employed in the
236 classification 339032 of the standard occupational classification system
237 of the Bureau of Labor Statistics of the United States Department of
238 Labor to enter into an agreement prohibiting such person from engaging
239 in the same or a similar job, at the same location at which the employer
240 employs such person, for another employer or as a self-employed
241 person, unless the employer proves that such person has obtained trade
242 secrets, as defined in subsection (d) of section 35-51, of the employer.

243 (b) (1) Any person who is aggrieved by a violation of this section may
244 bring a civil action in the Superior Court to recover damages and for
245 such injunctive and equitable relief as the court deems appropriate.

246 (2) The Labor Commissioner may request the Attorney General to
247 bring an action in the superior court for the judicial district of Hartford
248 for restitution on behalf of any person injured by any violation of this
249 section and for such injunctive or equitable relief as the court deems
250 appropriate.

251 (c) The provisions of this section shall apply to agreements entered

252 into, renewed or extended on or after October 1, 2007, and before
253 October 1, 2026.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2026</i>	New section
Sec. 2	<i>October 1, 2026</i>	New section
Sec. 3	<i>October 1, 2026</i>	New section
Sec. 4	<i>October 1, 2026</i>	New section
Sec. 5	<i>October 1, 2026</i>	New section
Sec. 6	<i>October 1, 2026</i>	New section
Sec. 7	<i>October 1, 2026</i>	31-50a

Statement of Purpose:

To prohibit the use of noncompete agreements and exclusivity agreements unless they meet certain criteria.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]