

Subject Restrictive Employment Covenants in Service Contracts

Authors Greenman and Others

Analyst Mary Davis

Date March 6, 2024

Summary

This bill prevents a company or partnership that provides services to a customer from restricting the customer from directly or indirectly soliciting or hiring one of their employees. The contract a service provider signs with a customer cannot restrict or prohibit the customer from hiring the employees either.

When an existing contract has a restriction in it that is prohibited by this bill, the service provider must provide notice to their employees of the law and the existing contract provision that violates the law.

The bill would be effective on July 1, 2024, and applies to contracts and agreements entered into on or after that date.