

**Testimony of Kia D. Floyd
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**Before the Committee on Labor and Public Employees
Hartford, CT
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Good Afternoon Senator Prague, Representative Ryan and other members of the Committee. My name is Kia Floyd and I am an Assistant Counsel for Labor & Employment matters for the Connecticut Business and Industry Association (CBIA). CBIA represents more than 10,000 companies throughout the state of Connecticut, ranging from large corporations to small businesses. The vast majority of our companies employ fifty (50) or fewer employees, many of whom make up Connecticut's workforce. I am here today to speak on behalf of all of our member companies. CBIA generally supports any labor and employment related legislation that does not increase the costs of doing business in the state or unreasonably increase administrative burdens on employers in dealing with employment and workplace issues. Given the lack of clearly defined terms within this legislation, it is difficult to determine what impact it will have on businesses in the state. Therefore, CBIA must oppose this measure.

H.B. 6989 (Raised) AAC Non-compete Agreements (Opposed)

H.B. 6989 amends The Uniform Trade Secrets Act (C.G.S. §35-51) by prohibiting an employer from requiring an employee to sign a non-compete agreement which prevents the employee from working in the same or similar job in the same location. The legislation further empowers the Labor Commissioner to pursue legal action for an alleged violation of this new law. Non-compete agreements and restrictive covenants are used in a variety of industries to protect the time and investments that companies make in products and in building a customer base. In today's increasing competitive global economy, restrictive covenants and non-compete agreements are the only effective ways to protect an employer's business in some industries.

Connecticut law provides that these restrictive covenants and non-compete agreements are only enforceable if the restraint on an employee is reasonable and balanced with the employer's interest in protecting: trade secrets, customer lists, confidential information, unique and extraordinary services, goodwill and the like. Courts look at five factors in determining whether a particular agreement should be upheld: the duration of the restriction; geographic scope of the restriction; degree of protection afforded one party; hardship imposed on the other party; and the public interest at stake. Generally, covenants that are limited in duration and geographic proximity and closely tailored to protect only the employer's legitimate business interests are upheld. Unfortunately, proposed H.B. 6989 does not clearly define the terms "location" or "same or similar job," so we cannot determine the true impact of this

proposal on Connecticut businesses who use such non-compete agreements. However, our overall impression of the bill is that it will place Connecticut employers at a competitive disadvantage because it limits an employer's ability to protect themselves against competitors at the same location in which their businesses are based. In doing so, this measure jeopardizes the time and investment that companies make in products and building their customer bases. Consequently, measures such as this will negatively affect the state economy by discouraging businesses, especially small start-up companies, from doing business in the state. At a time when Connecticut is actively seeking to attract and retain businesses, measures such as H.B. 6989.

Thank you for the opportunity to comment today.