

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sSB-906

AN ACT CONCERNING NONCOMPETE AGREEMENTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Resources of the General Fund	GF - Potential Revenue Gain	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which sets limits on the use of covenant not to compete provisions in employment contracts, results in a potential minimal revenue gain to the extent there are violations and a court imposes penalties.¹

The bill allows aggrieved parties to bring an action before Superior Court over alleged violations, which does not result in any cost impact. The court system disposes of over 400,000 cases annually and the number of cases is not anticipated to be great enough to require additional resources.

The bill has no cost impact to the state or municipalities as employers. To the extent that either the state or municipalities enter into non-compete contracts with their employees, the bill is not anticipated to change the cost of any such contract.

The Out Years

¹ Under the bill a violator is liable for the greater of the aggrieved worker's actual damages or a \$5,000 statutory penalty, in addition to reasonable attorney's fees, expenses, and court costs.

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.