AN ACT CONCERNING WORKERS' RIGHTS.

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

Section 1. (NEW) (Effective from passage) (a) For purposes of this section:

(1) "Base salary and benefits" means (A) wages, as defined in section 31-71a of the general statutes, earned over the course of the prior calendar year, without consideration of any overtime or bonus compensation, and (B) health insurance benefits and other fringe benefits received by an employee over the course of the prior calendar year;

(2) "Employee" includes any person suffered or permitted to work by an employer;

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

(4) "Covenant not to compete" means a contract, provision or agreement that restrains an employee from engaging in any lawful
profession, occupation, trade, calling or business of any kind in any
geographic area of the state for any period of time after the termination
of employment; and

(5) "Separation agreement" means an agreement accompanying the
termination or separation of employment without cause in which the
employee releases claims or potential claims against the employer.

(b) Except as provided in section 31-50a or 31-50b of the general
statutes, an employer may obtain from an employee a covenant not to
compete only if it (1) does not restrict the employee's competitive
activities for a period of more than one year following the termination
or separation of the employee; (2) is necessary to protect a legitimate
business interest of the employer; (3) is reasonably limited in time,
geographic scope and employment restrictions as necessary to protect
such business interest; (4) is consistent with this section, other laws of
this state and public policy; and (5) is entered into by an employee who
receives compensation at an hourly rate of more than twice the
minimum fair wage as defined in section 31-58 of the general statutes.
The party seeking to enforce a covenant not to compete shall have the
burden of proof in any proceeding.

(c) A covenant not to compete that is entered into, amended,
extended or renewed on or after July 1, 2021, shall not be enforceable
against any employee if (1) such covenant was not made in anticipation
of a sale of the good will of a business or all of the seller's ownership
interest in a business, or as part of a partnership or ownership
agreement and such contract or agreement expires and is not renewed,
unless, prior to such expiration, the employer makes a bona fide offer to
renew the contract on the same or similar terms and conditions; (2) the
employment or contractual relationship is terminated by the employer;
or (3) the employment or contractual relationship is terminated by the
employee for good cause attributable to the employer.

(d) A covenant not to compete that meets the requirements of
 subsections (b), (c) and (e) of this section shall not be invalid under this
section based upon its duration of more than one year, but not longer than two years, following the termination of employment if it is a part of an employment agreement or a separation agreement under which the employer agrees to continue to compensate the employee with the employee's base salary and benefits for a period of not less than one year following the termination of employment.

(e) Each covenant not to compete that is entered into, amended, extended or renewed on or after July 1, 2021, shall (1) be provided to the employee not less than ten business days prior to the date of signing; (2) expressly state that the employee has the right to consult with counsel prior to signing; and (3) be signed by the employee and the employer.

(f) The remaining provisions of any contract or agreement that includes a covenant not to compete that is rendered void and unenforceable, in whole or in part, under the provisions of this section shall remain in full force and effect, including provisions that require the payment of damages resulting from any injury suffered by reason of termination or separation of employment.

(g) The provisions of this section shall apply to agreements or covenants entered into, renewed or extended on or after June 30, 2021.

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<th>Section 1</th>
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**Statement of Purpose:**
To protect workers by specifying certain conditions for covenants not to compete.

[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.]