



General Assembly

January Session, 2021

Raised Bill No. 6379

LCO No. 2743



Referred to Committee on LABOR AND PUBLIC EMPLOYEES

Introduced by:
(LAB)

AN ACT CONCERNING WORKERS' RIGHTS.

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

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

3 (1) "Base salary and benefits" means (A) wages, as defined in section
4 31-71a of the general statutes, earned over the course of the prior
5 calendar year, without consideration of any overtime or bonus
6 compensation, and (B) health insurance benefits and other fringe
7 benefits received by an employee over the course of the prior calendar
8 year;

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

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

13 (4) "Covenant not to compete" means a contract, provision or
14 agreement that restrains an employee from engaging in any lawful

15 profession, occupation, trade, calling or business of any kind in any
16 geographic area of the state for any period of time after the termination
17 of employment; and

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

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

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

45 (d) A covenant not to compete that meets the requirements of
46 subsections (b), (c) and (e) of this section shall not be invalid under this

47 section based upon its duration of more than one year, but not longer
48 than two years, following the termination of employment if it is a part
49 of an employment agreement or a separation agreement under which
50 the employer agrees to continue to compensate the employee with the
51 employee's base salary and benefits for a period of not less than one year
52 following the termination of employment.

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

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

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

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.]