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## OLR Bill Analysis

### SB 21

#### ***AN ACT PROHIBITING EMPLOYERS FROM REQUIRING AN EMPLOYMENT PROMISSORY NOTE AS A CONDITION OF EMPLOYMENT.***

#### **SUMMARY**

This bill brings all employers under a law that generally prohibits employers from requiring employees to execute an agreement that requires the employee to repay the employer if the employee does not stay at the job for a certain duration, including when the repayment is reimbursement for training. Current law prohibits this for employers that have at least 26 employees and the bill expands this to cover all employers, regardless of their size.

More specifically, the law prohibits the covered employers from requiring an employee or prospective employee to execute an employment promissory note as a condition of employment. An “employment promissory note” is an instrument or agreement that requires an employee to pay the employer, or its agent or assignee, if the employee leaves employment before a stated amount of time has passed. This includes instruments or agreements that state that the payment is reimbursement for training given to the employee. However, the law specifically exempts contract provisions allowing employers to recoup certain expenses, such as any money advanced to the employee.

For employers brought under the law by the bill, any existing employment promissory notes are void, but if the note is part of an employment agreement its invalidity does not affect the employment agreement’s other provisions. (Presumably, this applies to contracts entered on or after its effective date.)

EFFECTIVE DATE: July 1, 2023

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable

Yea 8 Nay 4 (03/21/2023)