

OFFICE OF FISCAL ANALYSIS

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HB-5492

AN ACT CONCERNING LIMITATIONS ON THE USE ON
NONCOMPETE AGREEMENTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which sets limits on the use of noncompete agreements in employment contracts and allows workers and the Attorney General to bring an action in Superior Court over alleged violations, results in a potential revenue gain to the General Fund to the extent that the court assesses a civil penalty because of such an action.¹

There is no fiscal impact to the Office of the Attorney General, as they have the resources and expertise to meet the requirements of the bill.

The court system disposes of over 250,000 cases annually and the number of cases is not anticipated to be great enough to need additional resources.

Finally, the bill has no cost impact to the state or municipalities as employers. To the extent that either the state or municipalities enter into

¹ Under the bill, courts may assess civil penalties of up to \$5,000 for each defendant found liable. Violators are not liable to the Labor Department for any additional civil penalties imposed under the state's wage laws.

noncompete contracts with their employees, the bill is not anticipated to change the cost of any such contract.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of civil penalties assessed.