

# Labor and Public Employees Committee

## JOINT FAVORABLE REPORT

**Bill No:** HB-5492 / [Bill Status](#) / [Public Hearing Testimony](#)

AN ACT CONCERNING LIMITATIONS ON THE USE ON NONCOMPETE

**Title:** AGREEMENTS.

**Vote Date:** 3/19/2026

**Vote Action:** Joint Favorable

**PH Date:** 3/10/2026

**File No.:**

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### SPONSORS OF BILL:

Labor & Public Employees Committee

### REASONS FOR BILL:

The reason for this bill is to limit the circumstances under which noncompete agreements would be permissible. It would ban all noncompete agreements on employees who earn less than twice times the minimum wage and independent contractors who earn less than five times the minimum wage. For workers above those thresholds, the bill puts certain conditions were met in order for a noncompete agreement to be deemed permissible, including the protection of a legitimate business interest. There are concerns that some employers utilize noncompete agreements on lower wage workers who do not possess business secrets or other confidential information, and instead apply them broadly across their employees.

### RESPONSE FROM ADMINISTRATION/AGENCY:

**External Affairs, Judicial Branch:** Submitted testimony stating it takes no position on the bill and asks for clarification on the language in section 5. They suggest the language be amended to clarify that the action referenced in subsection b is the same action referenced in subsection and remove language that may be confusing. They also state section 18 of the practice book controls the taxation of costs.

### NATURE AND SOURCES OF SUPPORT:

**Martin Looney, Senate President Pro Tem, SDO:** Submitted testimony in support stating it would limit the use of noncompete and make them unenforceable for employees who make less than twice the minimum wage. He states last years bill had it at three times the minimum

which he states would have been preferable. He also would support banning all noncompete agreements unless an employer can prove it is necessary.

**Sarah Ganong, State Director, Working Families Power:** Submitted testimony in support stating that non competes initially were intended to protect trade secrets but have been increasingly used in job classifications that are hard to justify. This is used to restrict employee's ability to negotiate, change jobs or start their own businesses. The federal trades commission data shows that negative effects of non competes fall disproportionately on low to middle wage workers. They state non-compete agreements suppress wage growth and reduce overall innovation.

**Ed Hawthorne, President, Connecticut AFL-CIO:** Submitted testimony in support stating noncompete agreements have been becoming common in entry level and low wage jobs. They have become another way employers rig the system in their favor by eliminating a worker right to move to better paying positions. They state at one point the FTC in September of 2024 issued a rule to ban most non-compete agreements and estimated that 18% of U.S workers are covered under agreements. The ruling was unfortunately, overturned by a Texas federal district court. HB 5492 would prohibit the use of noncompete agreements for employees who earn less than two times the minimum wage or an independent contractor who earns less than five times the minimum wage.

**Sara Parker McKernan, Policy Advocate, New Haven Legal Assistance:** Submitted testimony in support stating HB 5492 prohibits noncompete agreements for those employees earning less than two times the minimum wage. Noncompete agreements are typically intended to protect employers specialized knowledge from going to a competing business. They explain the problem occurs when low wage workers are forced to sign these agreements that then prevent them from moving into more desirable positions. Those workers have no specialized training or skills and are not privy to trade secrets. Many of those low wage workers do not have skills adaptable to other jobs can't get different ones when they are forced into those agreements.

**Daniel Parker:** Submitted testimony in support stating the bill is an important step toward improving CT's economy. Noncompete agreements hamper workers ability to access employment instead of there intended purpose of protecting proprietary information. They explain many other states like as Minnesota, Oregon, Illinois, Virginia, and Rhode Island have already issued similar legislation. NCA's constrict mobility and restrict wage growth. The cost of these agreements fall on workers and their families as their wages are kept low by them.

**Tonishia Signore, Policy Director, She Leads Justice:** Submitted testimony in support stating originally noncompete agreements were for protecting proprietary information but have become increasingly common being used without cause. They have been used to restrict house cleaners, food service staff, hair stylists and auto mechanics from being able to negotiate higher wages, change jobs or start their own business. They state this in turn affects workers of color and immigrant workers who are more likely to be in low wage jobs.

**Nick Teeling, Advocacy Director, Connecticut Voices for Children:** Submitted testimony in support stating too many low and middle wage workers in CT are subject to noncompete agreements that restrict their ability to negotiate higher wages or changes jobs. NCA's restrict workers from engaging in similar professions in a specific area for a period after leaving a job.

This has been used to suppress wage growth and deter entrepreneurship. They explain that limiting noncompete agreements would help increase the labor force and improve the financial return to work.

**Sara Parker McKernan, Policy Advocate, New Haven Legal Assistance:** Submitted testimony in support stating NCA's are typically used to protect trade secrets but have unfortunately been starting to affect all workers. Employees in positions such as home health care, house cleaners, and food service who do not have specialized training have been being asked to sign NCA's. The NCA's result in less upward mobility and reduce their ability to bargain as they cannot threaten to leave their job.

#### **NATURE AND SOURCES OF OPPOSITION:**

**Paul Amarone, Senior Policy Director, CBIA:** Submitted testimony in opposition stating HB 5492 would void non competes for those making less than five times minimum wage which would include mid-level professionals who often have access to sensitive business information. Without noncompete agreements business are left with little recourse to prevent the transfer of information to competitors. They also state it is a problem to use minimum wage as a threshold since it increases annually and is currently the second highest in the nation. Litigation would increase as there would be a new private right of action and technical errors in drafting agreements could further expose business to lawsuits. Amarone states that CT already faces competitiveness challenges with neighboring states and regulatory factors have been stated as influencing expansion decisions.

**Kristina Baldwin, Vice President, APCIA, Eric George, President, Insurance Association of CT, Sean McLaughlin, Regional Vice President, NAMIC, and Jill Rickard, Regional Vice President, ACLI:** Submitted testimony in opposition stating noncompete agreements are a crucial tool to protect against the loss of trade secrets. The bill using minimum wage as a threshold would mean employees making \$70,470 or a contractor making \$176,000 would have void agreements. An employee would have a private right of action which would increase costs and liability insurance. This would result in increasing the costs of goods and services in the state.

**Barry Horowitz, President:** Submitted testimony in opposition stating the bill ties the threshold for enforcing noncompete to the variable state minimum wage. He states that the bill has key terms that are not defined, interferes with freedom of contract, is unenforceable due to vagueness, and would create a significant administrative burden if agreements must be constantly revised when the minimum wage changes. He explains that noncompete are needed to prevent the risk of an employee being heavily invested into and then using that training to benefit a competing business.

**Jessica Olander, President, CT River Valley Chamber:** Submitted testimony in opposition stating the bill would void noncompete agreements for those earning less than two times the minimum wage and 5 times the minimum wage for independent contractors. They state this would harm the ability to protect legitimate business interests. Employees would be able to leave employers right after training and go directly to a competitor. Many mid-level professionals who have access to sensitive business information receive are below the bills

wage thresholds. Additional contracts would need to be revised every time the minimum wage changes and companies would face increasing costs due to lawsuits or legal costs.

**Travis Wattie, AVP of Government Relations, Big I Connecticut:** Submitted testimony in opposition stating that limitation on noncompete agreements would be detrimental to independent insurance agents and the insurance industry. NCA's prevent departing agents from taking clients or other information with them to a competitor. They explain that some job sectors warrant a tailored approach too NCA's but the insurance sector is not one of them.

**Anonymous 12, 13:** Submitted testimony in opposition for reasons largely unrelated to the content of the bill.

**Reported by: Lawrence Sanchez**

**Date: 3/30/2026**