



Maryland Joins the Bandwagon: Bans Noncompetes for Low-Wage Workers

Insights

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Maryland has become the latest state to revise its noncompetition law to clamp down on the practice and further restrict the types of workers permitted to be bound by such restrictive covenants.

On May 25, 2019, [SB 328](#) officially became law in Maryland, prohibiting employers from entering into noncompetition agreements with employees who earn equal to or less than (1) \$15 per hour or (2) \$31,200 annually. If you have employees who work in Maryland and earn at or near the minimum wage, you need to be aware of this new law.

The bill passed both houses of the state legislature and it automatically became law on May 25 when the governor did not use his veto power. The law declares that, for employees earning less than the threshold, all “noncompete [provisions] that restrict[] the ability of an employee to enter into employment with a new employer or to become self-employed in the same or similar business or trade” are “null and void as being against the public policy of the State.”

The statute does not clarify whether this broad language also covers other types of less restrictive covenants, such as customer nonsolicitation agreements, which have been specifically excluded in other states enacting similar statutes. There is also no requirement that the statute apply post-employment. Therefore, by its plain language, it prevents employers from entering into anti-moonlighting agreements with low wage workers.

This new Maryland law follows a growing trend across the country. State legislatures have been banning noncompetition agreements with low-wage workers following some high-profile cases and the [White House’s Call to Action](#). Illinois enacted the [Freedom to Work Act](#) banning noncompetition agreements with workers making less than \$13 per hour (or the minimum wage, whichever is higher). Washington and Oregon also set salary limits, albeit for higher wage earners (\$100,000 in [Washington](#) and approximately \$95,000 in Oregon as of this writing). Similar low wage bills were raised in [Congress](#) in 2015 and the Maine, New Hampshire, New Jersey, and Virginia legislatures but have not passed into law.

You should continue to track this development, particularly if you use restrictive covenants with employees earning at or near the minimum wage. This law is likely not the last of its kind that we will see.

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