

Are Non-Compete Agreements Legal? NYC Council Seeks to Reduce Restrictions Forced on Low-Wage Employees

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Increasingly, New York City employers are forcing employees, especially lower paid employees, to sign legally-binding agreements that limit their ability to find new jobs after they leave. Such restrictions, called “non-compete agreements” or “non-competes” can vary in scope, but usually prohibit employees from working for a competitor for a fixed period, as well as within a fixed geographic region. [A recent study](#) funded by the University of Michigan suggests that nearly one in five employees in the U.S. was bound to a non-compete agreement in 2014, and nearly 40% had signed at least one non-compete agreement in the past. The study also states that nearly one-third of non-competes are signed after accepting the job offer.

Previously, companies would mainly use non-competes for executive level employees who had access to confidential or proprietary business information. Employers believed that these restrictions were necessary to prevent competitors from luring high-level employees away and taking confidential information at the same time.

Recently, however, New York City council members are alarmed to learn that more and more employers are forcing lower level employees to sign non-compete agreements, making it difficult for them to find new employment. On July 20, 2017, Councilman Rory I. Lancman and Councilwoman Helen K. Rosenthal [introduced a bill](#) that, if passed, would prohibit the use of non-competes for employees in New York City who earn less than \$900 per week and are not classified as senior level employees, such as “executives” or “professionals.” For employees who earn more than \$900 per week, the proposed legislation would also require New York City employers to disclose in advance—in writing and *at the beginning* of the hiring process—that these employees may be subject to non-compete agreements.

The bill is currently under review by the NYC Council. If you have questions about a prospective or current employer that has presented you with a non-compete agreement, or have questions about the proposed legislation, you can speak to an attorney at Wigdor LLP by calling [\(212\) 257-6800](tel:(212)257-6800).

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