

SHB 1155 - H AMD 315

By Representative Berry

1 On page 1, after line 6, insert the following:

2 "NEW SECTION. **Sec. 1.** (1) The legislature finds that
3 noncompetition covenants hinder innovation and entrepreneurship,
4 suppress wages, reduce job mobility, and ultimately harm consumers
5 and the economy. In 2019 the legislature took a critical step forward
6 by banning the use of noncompetition covenants for lower-wage
7 earners. This did not go far enough. Research shows that
8 noncompetition covenants restrict workers' mobility, impede efforts
9 to correct inequities, and significantly suppress workers' wages
10 across all sectors, including for those not subject to covenants, or
11 subject to covenants that are unenforceable under state law. Even
12 among supposed high-wage earners, the suggestion that these covenants
13 are bargained is largely a legal fiction. Noncompetition covenants
14 are often unilaterally imposed by employers and businesses without
15 meaningful negotiation. Businesses have more specific and effective
16 legal means to protect intellectual property, trade secrets, and
17 clients without harming workers, contractors, and the public.

18 (2) The evidence is clear. Banning noncompetition covenants will
19 incentivize innovation and entrepreneurship, increase wages, and even
20 reduce health care costs. To that end, in 2024 the federal trade
21 commission adopted rules banning noncompetition covenants nationwide.
22 Unfortunately, the implementation of those rules has been halted by
23 ongoing litigation. Washington's workers and businesses should not
24 have to wait years for federal court rulings on a nationwide ban when
25 the state has the authority to extend these protections.

26 (3) The legislature hereby intends to ban noncompetition
27 covenants for all Washington-based workers and businesses. Yet the
28 legislature recognizes the limitations of a state ban. Workers in all
29 jurisdictions need these same protections. But other states may be
30 slow to act or will not act despite compelling economic interests.
31 The state also does not intend for this act to modify or interfere
32 with the sovereignty of tribal nations or with their exclusive
33 jurisdiction to govern employment standards for employees working in

1 Indian country for a business owned by a federally recognized tribe
2 or tribal member. By joining other states that have banned
3 noncompetition covenants, Washington will demonstrate the benefits to
4 other states, tribes, and jurisdictions. Let the actions of this
5 legislature to improve prosperity for all pave the way for the
6 nation."

7 Renumber the remaining sections consecutively and correct any
8 internal references accordingly.

9 Correct the title.

EFFECT: Adds a legislative intent section.

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