

HOUSE BILL 1016

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6lr2649
CF SB 900

By: ~~Delegate Pruski~~ **Delegates Pruski, Lehman, Ruth, Stewart, and Terrasa**

Introduced and read first time: February 6, 2026

Assigned to: Government, Labor, and Elections

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 7, 2026

CHAPTER _____

1 AN ACT concerning

2 **Labor and Employment – Noncompete and Conflict of Interest Clauses –**
3 **Employer Workforce Relocation and Out-of-State Employers**

4 FOR the purpose of applying certain provisions of law establishing that certain noncompete
5 and conflict of interest provisions in certain employment contracts are null and void
6 as being against the public policy of the State to employees of certain employers that
7 relocate the majority of its employees outside the State or have its principal place of
8 business outside the State; and generally relating to noncompete and conflict of
9 interest clauses in employment contracts.

10 BY repealing and reenacting, with amendments,
11 Article – Labor and Employment
12 Section 3–716
13 Annotated Code of Maryland
14 (2025 Replacement Volume)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
16 That the Laws of Maryland read as follows:

17 **Article – Labor and Employment**

18 3–716.

19 (a) (1) **(I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE**
20 **MEANINGS INDICATED.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 **(II) “ENFORCEMENT DATE” MEANS THE EARLIEST DATE ON**
 2 **WHICH AN EMPLOYER SEEKING TO ENFORCE A NONCOMPETE OR CONFLICT OF**
 3 **INTEREST PROVISION IN AN EMPLOYMENT CONTRACT OR A SIMILAR DOCUMENT OR**
 4 **AGREEMENT CONCERNING AN EMPLOYEE:**

5 **1. FILES AN ACTION OR OTHERWISE SEEKS JUDICIAL**
 6 **ENFORCEMENT OF THE PROVISION;**

7 **2. INITIATES ARBITRATION OR ANOTHER FORM OF**
 8 **FORMAL DISPUTE RESOLUTION TO ENFORCE THE PROVISION; OR**

9 **3. DEMANDS IN WRITING THAT THE EMPLOYEE COMPLY**
 10 **WITH THE PROVISION.**

11 **(III) “PRINCIPAL PLACE OF BUSINESS” MEANS THE SINGLE**
 12 **LOCATION FROM WHICH THE OFFICERS OF THE EMPLOYER DIRECT, CONTROL, AND**
 13 **COORDINATE THE ACTIVITIES OF THE EMPLOYER.**

14 **(2)** This subsection applies:

15 (i) to an employment contract or a similar document or agreement
 16 concerning:

17 1. an employee who earns equal to or less than 150% of the
 18 State minimum wage rate established under § 3-413 of this title;

19 2. employment in a position for which the employee:

20 A. is required to be licensed under the Health Occupations
 21 Article;

22 B. is employed in a position that provides direct patient care;
 23 and

24 C. earns equal to or less than \$350,000 in total annual
 25 compensation;

26 **3. AN EMPLOYEE OF AN EMPLOYER THAT:**

27 **A. ~~AT ANY TIME DURING~~ ON THE FIRST DAY OF THE**
 28 **EMPLOYEE’S EMPLOYMENT EMPLOYS MORE THAN 30 EMPLOYEES, THE MAJORITY**
 29 **OF WHOM ARE LOCATED IN THE STATE REPORT TO A PRIMARY WORK SITE LOCATED**
 30 **IN THE STATE OR PERFORM WORK REMOTELY FROM WITHIN THE STATE; AND**

1 **B. ~~AT ANY TIME DURING OR SUBSEQUENT TO THE~~**
 2 **~~EMPLOYEE'S EMPLOYMENT, RELOCATES, REORGANIZES, OR OTHERWISE CEASES TO~~**
 3 **ON THE ENFORCEMENT DATE, DOES NOT HAVE THE MAJORITY OF ITS EMPLOYEES**
 4 **REPORT TO A PRIMARY WORK SITE LOCATED IN THE STATE OR PERFORM WORK**
 5 **REMOTELY FROM WITHIN THE STATE, OR DOES NOT HAVE ITS PRINCIPAL PLACE OF**
 6 **BUSINESS LOCATED IN THE STATE; or**

7 [3.] 4. an employee licensed as a veterinary practitioner or
 8 veterinary technician under Title 2, Subtitle 3 of the Agriculture Article; and

9 (ii) whether or not the employer and employee entered into the
 10 employment contract or similar document or agreement in the State.

11 ~~(2)~~ (3) This subsection does not apply to an employment contract or a
 12 similar document or agreement with respect to the taking or use of a client or patient list
 13 or other proprietary client-related or patient-related information.

14 ~~(3)~~ (4) A noncompete or conflict of interest provision in an employment
 15 contract or a similar document or agreement that restricts the ability of an employee to
 16 enter into employment with a new employer or to become self-employed in the same or
 17 similar business or trade shall be null and void as being against the public policy of the
 18 State.

19 (b) (1) This subsection applies only to an employment contract or similar
 20 document or agreement concerning employment in a position for which the employee:

21 (i) is required to be licensed under the Health Occupations Article;

22 (ii) is employed in a position that provides direct patient care; and

23 (iii) earns more than \$350,000 in total annual compensation.

24 (2) (i) The period for which a noncompete or conflict of interest
 25 provision in an employment contract or similar document or agreement is in effect may not
 26 exceed 1 year from the last day of employment.

27 (ii) The geographical restriction in a noncompete or conflict of
 28 interest provision in an employment contract or similar document or agreement may not
 29 exceed 10 miles from the primary place of employment.

30 (3) On request of a patient, an employer of an employee described in
 31 paragraph (1) of this subsection shall provide notice to a patient of the new location where
 32 a former employee will be practicing.

33 SECTION 2. AND BE IT FURTHER ENACTED, That § 3-716(a)(1)(i)3 of the Labor
 34 and Employment Article, as enacted by Section 1 of this Act, shall be construed to apply

1 only to employment contracts or similar documents or agreements for employment executed
2 on or after the effective date of this Act.

3 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 October 1, 2026.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.