



LEGISLATIVE POSITION:

Unfavorable

House Bill 1388

Labor and Employment – Noncompete and Conflict of Interest Clauses – Veterinary and Health Care Professionals

Senate Finance Committee

Thursday, March 28, 2024

Dear Chairwoman Beidle and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic growth and prosperity for Maryland businesses, employees, and families.

HB 1388 would eliminate the use of noncompete agreements for the healthcare and veterinary industries. Noncompete agreements are an important tool used for staff recruitment and they are critical to fostering innovation and preserving competition. A ban on noncompete agreements would likely create fewer workforce opportunities and reduce investment in employee education, training, and development. Additionally, noncompete agreements protect trade secrets and client lists from being used against an employer to unfairly advance the interests of a competitor.

Banning noncompete agreements in the veterinary and health care professions would have a negative impact on the talent and/or compensation strategy of those industries. Employers would likely reduce the sharing of sensitive information with employees and/or reduce or defer compensation as a result. Businesses consistently cite recruiting and retaining properly skilled talent as their biggest priorities. [A recent report from the U.S. Chamber of Commerce](#) confirms what we already know to be true: Maryland's businesses face a hiring crisis. With only 33 available workers for every 100 open jobs, our labor market is ranked as one of the worst in the country. HB 1388 would make retaining top talent more difficult in an already challenging market.

Moreover, the Chamber is concerned that HB 1388 will serve as the cornerstone for future widespread noncompete ban initiatives. HB 1388 is too simplistic, as it is a blanket ban on the use of noncompete agreements for two entire industries. In other states where there are limitations on the use of noncompete agreements, exceptions are built into statute for certain circumstances – two examples include California and Delaware. HB 1388 includes no such exemptions.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report** on **House Bill 1338**.