

## **SB 658: Labor and Employment – Noncompete and Conflict of Interest Provisions**

**Hearing of the Senate Finance Committee, February 19, 2025**

### **Position: Unfavorable**

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Workplace Justice Project strives to promote dignity in the workplace and envisions a society that guarantees just working conditions, including the fundamental rights to be paid fully and fairly, to join forces with other workers for the promotion and protection of their mutual economic and social interests, to have equitable opportunities to work and advance, and to work in conditions that are safe, healthy, and provide adequate time for leisure and rest.

The PJC **opposes SB 658**, which would narrow Maryland's existing worker protections.

#### **Noncompetes are prohibited in many jobs and industries in Maryland.**

- In 2019 the General Assembly passed SB 328, which provided that noncompetes are generally void for low-wage workers (defined at the time, as workers making less than \$15/hour).
- In 2023, the General Assembly passed SB591, which ensured that the protections of SB 328 would continue to protect low-wage workers even while Maryland's minimum wage continued to rise to account for inflation.
- We supported these restrictions on noncompete clauses because noncompetes:
  - decrease job mobility,
  - lower wages, and
  - hinder entrepreneurship.
- In January 2023, the Federal Trade Commission noted that if noncompete agreements were eliminated, the earnings of American workers would increase by nearly \$300 billion per year.<sup>1</sup>

#### **SB 658 attempts to carve out a major loophole in Maryland's protections.**

- The current law prohibits all noncompete agreements for workers earning up to 150% of Maryland's minimum wage as well as for all workers in certain positions (for example licensed veterinary technicians).
- SB 658 would limit this prohibition to noncompete agreements that take effect "on separation from the employer."
- This limitation would allow employers to restrict workers' ability to achieve financial stability, such as by holding two part-time jobs at the same time. There is no justification to undermine workers' autonomy and freedom in this way.

For the foregoing reasons, the PJC **OPPOSES SB 658** and urges an **UNFAVORABLE** report. Should you have any questions, please contact Amy Gellatly at [gellatlya@publicjustice.org](mailto:gellatlya@publicjustice.org) or (410) 400-6943.

---

<sup>1</sup> <https://www.ftc.gov/legal-library/browse/federal-register-notices/non-compete-clause-rulemaking>.