

Governor Hochul Vetoes New York Non-Compete Ban

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After months of speculation and intense lobbying, New York Governor Kathy Hochul vetoed a bill that would have imposed a [near-total ban on employee non-competition agreements](#) in New York State.

Governor Hochul has long expressed her support for legislation banning non-compete agreements for “low and middle-income” employees, but generally balked at the idea of a blanket prohibition covering even highly compensated professionals and executives. The bill that passed both houses of the New York State legislature earlier this year would have banned future non-compete agreements for all employees, regardless of earnings level.

The legislation was the subject of an aggressive lobbying campaign. While some labor unions, such as [SAF-AFTRA](#), encouraged Governor Hochul to sign the legislation in its original form, many business groups and trade associations coalesced in opposition to the legislation. The [Business Council of New York State](#) and the [New York City Bar Association](#), among others, publicly urged Governor Hochul to veto the bill in its entirety or require substantial chapter amendments as a condition of signing.

In an effort to strike a compromise, Governor Hochul previously proposed signing the bill subject to “chapter amendments” exempting employees earning \$250,000 or more in total annual compensation. The bill’s sponsor, State Senator Sean Ryan (D-Buffalo), fiercely opposed such a carve-out, indicating that he would introduce language retroactively invalidating existing non-compete agreements if the Governor demanded a wage-based exemption. Despite [reports](#) that New York State Senator leaders would have been willing to accept a chapter amendment permitting non-compete agreements for employees above a certain salary threshold, no agreement on such an amendment ever came to fruition.

In a statement explaining her veto, Governor Hochul lamented that she “attempted to work with the Legislature in good faith on a reasonable compromise,” but was constrained to veto the proposed legislation with its “one-size-fits-all approach.” The Governor’s veto does not necessarily signal the end for non-compete legislation in New York. The Governor’s veto memo notes that she remains committed to enacting non-compete legislation protecting “middle-class and low-wage earners.” With Democrats firmly in control of the New York State legislature, the bill’s sponsors have promised to reintroduce the non-compete legislation in 2024. Governor Hochul could also introduce her own proposal by attaching it to the state budget. Meanwhile, the [Federal Trade Commission](#) – which supported the now-vetoed New York bill – continues to evaluate whether to issue a final rule implementing its own nationwide ban on non-compete agreements.

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