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# A BILL FOR AN ACT

RELATING TO FAIR EMPLOYMENT PRACTICES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the use of  
2 noncompete agreements restricting employees from post-employment  
3 work in a specific geographical area for a specific period of  
4 time is becoming more common. Approximately one-fifth of United  
5 States workers, or thirty million individuals, are covered by a  
6 noncompete agreement. Federal and state lawmakers, state  
7 attorneys general, and the Obama administration have expressed  
8 concern about the negative effects of unfair noncompete  
9 agreements and the spread of noncompete agreements to low-income  
10 workers in businesses like hair salons, warehouse shipping, and  
11 fast food restaurants. Where the employee is unlikely to have  
12 obtained trade secrets or advanced skills training, a noncompete  
13 agreement designed to protect the employer's intellectual  
14 property is unnecessarily punitive. Noncompete agreements can  
15 reduce job mobility, stifle innovation, and even lead to  
16 unemployment if a worker is unable to find a new job that does  
17 not violate a former employer's noncompete agreement.



1           The legislature further finds that policymakers are  
2 exploring ways to address unreasonable noncompete agreements.  
3 At least two states, Illinois and Oregon, have recently enacted  
4 laws to prohibit noncompete agreements for certain low wage  
5 workers, and three other states are currently considering  
6 similar legislation. In a few other states, such as California,  
7 North Dakota, and Oklahoma, noncompete agreements are generally  
8 unenforceable.

9           The purpose of this Act is to prohibit noncompete  
10 agreements for low wage workers.

11           SECTION 2. Section 480-4, Hawaii Revised Statutes, is  
12 amended by amending subsection (d) to read as follows:

13           "(d) Except as provided in subsection (c)(4), it shall be  
14 prohibited to include a noncompete clause or a nonsolicit clause  
15 in any employment contract relating to [an]:

16           (1) An employee of a technology business[-]; or

17           (2) An employee whose earnings do not exceed the greater  
18           of the hourly rate equal to the minimum wage required  
19           by applicable federal or state law or \$15 per hour.

20 The clause shall be void and of no force and effect.

21           As used in this subsection:



1 "Information technology development" means the design,  
2 integration, deployment, or support services for software.

3 "Noncompete clause" means a clause in an employment  
4 contract that prohibits an employee from working in a specific  
5 geographic area for a specific period of time after leaving  
6 employment with the employer.

7 "Nonsolicit clause" means a clause in an employment  
8 contract that prohibits an employee from soliciting employees of  
9 the employer after leaving employment with the employer.

10 "Software development" means the creation of coded computer  
11 instructions.

12 "Technology business" means a trade or business that  
13 derives the majority of its gross income from the sale or  
14 license of products or services resulting from its software  
15 development or information technology development, or both. A  
16 "technology business" excludes any trade or business that is  
17 considered by standard practice as part of the broadcast  
18 industry or any telecommunications carrier, as defined in  
19 section 269-1, that holds a franchise or charter enacted or  
20 granted by the legislative or executive authority of the State  
21 or its predecessor governments."



1 SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 4. This Act shall take effect on January 1, 2050.



**Report Title:**

Noncompete Agreements; Low Wage Workers

**Description:**

Prohibits noncompete agreements for low wage workers whose earnings do not exceed the greater of the minimum wage required by applicable federal or state law or \$15 per hour. (HB1059 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

