

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: HB330

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|-----------------|---------------------------------------|--|------------------------------------|
| House of Origin | <input type="checkbox"/> Introduced | <input type="checkbox"/> Substitute | <input type="checkbox"/> Engrossed |
| Second House | <input type="checkbox"/> In Committee | <input checked="" type="checkbox"/> Substitute | <input type="checkbox"/> Enrolled |

2. Patron: VanValkenburg

3. Committee: Commerce and Labor

4. Title: Employment; covenants not to compete; low-wage employees; civil penalty.

5. Summary: This bill prohibits an employer from entering into a covenant not to compete with any of its low-wage employees. Any employer that violates this prohibition is subject to a civil penalty of \$10,000 for each violation. The measure authorizes a low-wage employee to bring a civil action against an employer that attempts to enforce a prohibited covenant not to compete. Additionally, this bill requires every employer to post a copy of the Code as amended by this bill or a summary. Failure to do so would result in a warning for a first violation, a civil penalty of \$250 for a second violation, and a civil penalty of up to \$1,000 for a third and each subsequent violation. Also, a low-wage employee may bring a civil action against any former employer or person who attempts to enforce a covenant not to compete. As amended, this bill provides that if the court finds a violation of the provisions of this bill, the plaintiff shall be entitled to recover reasonable costs, including costs and reasonable fees for expert witnesses, and attorney fees from the former employer or other person who attempts to enforce a covenant not to compete against such plaintiff.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate, see item 8.

8. Fiscal Implications: Any expenditure or revenue impact that may result from this bill is indeterminate. The number of complaints the Department of Labor and Industry's (DOLI) Labor Law Division may receive and investigate as a result of the provisions of this bill are unknown. DOLI anticipates that the department may have to notify employers alleged to have violated the provisions of this bill. The bill establishes two new civil penalties for violations of its provisions. Any revenue collected will be deposited to the general fund. Any general fund revenue collected as a result of these new civil penalties will depend on the number of violations.

Currently, DOLI's Labor Law Division does not collect penalty revenue. Depending on the number of potential violations, DOLI may require additional staff and IT services to support and conduct these activities.

9. Specific Agency or Political Subdivisions Affected: Department of Labor and Industry, courts.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is similar to SB480.