File #: Int 0127-2026, **Version:** *

Int. No. 127

By Council Member Cabán, Brooks-Powers, Louis, Hudson and Hanif

A Local Law to amend the administrative code of the city of New York, in relation to the prohibition of requiring low-wage workers to enter into covenants not to compete and also to require employers to notify potential employees of any requirement to enter into a covenant not to compete

Be it enacted by the Council as follows:

Section 1. Chapter 5 of title 22 of the administrative code of the city of New York is amended by adding a new section 22-511 to read as follows:

§ 22-511 Prohibition of covenants not to compete for low-wage employees.

a. Definitions. For the purposes of this section, the following terms have the following meanings:

Covenant not to compete. The term "covenant not to compete" means an agreement that is entered into after the effective date of the local law that added this section between an employee and an employer that restricts such employee from performing 1) work for an employer not a party to such agreement for a specified period of time; 2) work in a specified geographical area for an employer not a party to such agreement; or 3) work for an employer not a party to such agreement that is similar to such employee's work for the employer who is a party to the agreement.

Employee. The term "employee" means an employee as defined in subdivision 2 of section 190 of the labor law.

Employer. The term "employer" means an employer as defined in subdivision 3 of section 190 of the labor law.

Low-wage employee. The term "low-wage employee" means a clerical and other worker as defined in

subdivision 7 of section 190 of the labor law.

b. Prohibition. No employer shall enter into a covenant not to compete with any low-wage employee of such employer.

c. Disclosure requirement for non-low-wage workers. An employer may not require a potential employee who is not a low-wage employee to enter into a covenant not to compete unless, at the beginning of the process for hiring such employee, such employer disclosed in writing that they may be subject to such a covenant.

d. Enforcement. The office of labor standards shall enforce the requirements of this section.

§ 2. This local law takes effect 120 days after it becomes law; provided, however, that the office of labor standards shall take all actions necessary for its implementation, including the promulgation of rules, before such date.

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LS #8543
Int. #0146-2024
1/6/2026 2:26 PM