

SENATE BILL 591

K3

3lr1151
CF 3lr2992

By: **Senator Smith**

Introduced and read first time: February 6, 2023

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: March 3, 2023

CHAPTER _____

1 AN ACT concerning

2 **Labor and Employment – Noncompete and Conflict of Interest Provisions –**
3 **Application of Prohibition**

4 FOR the purpose of altering the application of the prohibition on including a noncompete
5 or conflict of interest provision in an employment contract or similar document or
6 agreement that restricts the ability of an employee to enter into employment with a
7 new employer or to become self-employed in the same or similar business or trade;
8 and generally relating to noncompete and conflict of interest provisions.

9 BY repealing and reenacting, without amendments,
10 Article – Labor and Employment
11 Section 3–413(c) and (d)
12 Annotated Code of Maryland
13 (2016 Replacement Volume and 2022 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Labor and Employment
16 Section 3–716
17 Annotated Code of Maryland
18 (2016 Replacement Volume and 2022 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
20 That the Laws of Maryland read as follows:

21 **Article – Labor and Employment**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



3–413.

(c) (1) Subject to § 3–413.1 of this subtitle and except as provided in paragraph (2) of this subsection, the State minimum wage rate is:

(i) for the 12–month period beginning July 1, 2017, \$9.25 per hour;

(ii) for the 18–month period beginning July 1, 2018, \$10.10 per hour;

(iii) for the 12–month period beginning January 1, 2020, \$11.00 per hour;

(iv) for the 12–month period beginning January 1, 2021, \$11.75 per hour;

(v) for the 12–month period beginning January 1, 2022, \$12.50 per hour;

(vi) for the 12–month period beginning January 1, 2023, \$13.25 per hour;

(vii) for the 12–month period beginning January 1, 2024, \$14.00 per hour; and

(viii) beginning January 1, 2025, \$15.00 per hour.

(2) Subject to § 3–413.1 of this subtitle, the State minimum wage rate for a small employer is:

(i) for the 18–month period beginning July 1, 2018, \$10.10 per hour;

(ii) for the 12–month period beginning January 1, 2020, \$11.00 per hour;

(iii) for the 12–month period beginning January 1, 2021, \$11.60 per hour;

(iv) for the 12–month period beginning January 1, 2022, \$12.20 per hour;

(v) for the 12–month period beginning January 1, 2023, \$12.80 per hour;

(vi) for the 12–month period beginning January 1, 2024, \$13.40 per hour;

(vii) for the 12-month period beginning January 1, 2025, \$14.00 per hour;

(viii) for the 6-month period beginning January 1, 2026, \$14.60 per hour; and

(ix) beginning July 1, 2026, \$15.00 per hour.

(d) An employer may pay an employee a wage that equals a rate of 85% of the State minimum wage established under this section if the employee is under the age of 18 years.

3-716.

(a) (1) This section applies:

(i) to an employment contract or a similar document or agreement concerning an employee who earns equal to or less than[

1. \$15 per hour; or

2. \$31,200 annually] **150% OF THE STATE MINIMUM WAGE RATE ESTABLISHED UNDER § 3-413 OF THIS TITLE**; and

(ii) whether or not the employer and employee entered into the employment contract or similar document or agreement in the State.

(2) This section does not apply to an employment contract or a similar document or agreement with respect to the taking or use of a client list or other proprietary client-related information.

(b) A noncompete or conflict of interest provision in an employment contract or a similar document or agreement that restricts the ability of an employee to enter into employment with a new employer or to become self-employed in the same or similar business or trade shall be null and void as being against the public policy of the State.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2023.