



March 27, 2024

Honorable Arthur Corvese
Chairman, House Labor Committee
Rhode Island State House
Providence, RI 02903

RE: H.8059, An Act Relating to Labor and Labor Relations – Rhode Island Noncompetition Agreement Act

Chairman Corvese and Committee Members,

The undersigned members of the Rhode Island Business Coalition wish to register our opposition to H.8059, An Act Relating to Labor and Labor Relations – Rhode Island Noncompetition Agreement Act.

This bill bans the use of non-compete clauses that restrains an employee from “engaging in a lawful profession, trade, or business of any kind.” Under current law, non-compete clauses are not enforceable against non-exempt employees, employees under 18 years of age, and low wage employees. H.8059 does allow for non-compete agreements to be utilized during the purchase and sale of a business.

The Federal Trade Commission is currently reviewing whether or not to ban non-compete clauses. The comment period has ended and, while there is no hard deadline for the FTC to rule, many believe the agency may in fact rule as early as April.

Non-compete clauses can be mutually beneficial to both parties as the employee tends to stay with the employer longer and the employer, knowing longevity is likely, can invest in additional training. Non-compete clauses protect co-workers from harm. When an employee leaves, taking proprietary information to a competitor, the co-workers left behind suffer if the business suffers financially. If the business loses customers, the co-workers left behind lose salaries or jobs.

Non-compete clauses are not appropriate for all employees, but they are valuable in some situations. To ban them completely would be detrimental and could stifle economic development in our state.

The Coalition urges the committee to refrain from making Rhode Island an outlier in an issue that is national issue and take no further action on this bill.

Sincerely,

Associated Builders and Contractors, Rhode Island

East Greenwich Chamber of Commerce

Energy Marketers Association Rhode Island

Greater Newport Chamber of Commerce

North Kingstown Chamber of Commerce

Rhode Island Association of REALTORS®

Rhode Island Bankers Association

Rhode Island Beverage Association

Rhode Island Business Group on Health

Rhode Island Manufacturers Association

Rhode Island Mortgage Bankers Association

Rhode Island Partnership for Home Care

Rhode Island Small Business Economic Summit Regulations Committee

Rhode Island Small Business Economic Summit Tax and Budget Committee

Rhode Island Society of Certified Public Accountants

Rhode Island Staffing Association

Sustainable Benefits Strategies, LLC