



Waterbury Regional Chamber
driving business to business

Testimony of Lynn Ward, President & CEO
Waterbury Regional Chamber
Before the Commerce Committee
Hartford, CT
March 8, 2023
Testifying in support of:

HB 6594: AN ACT CONCERNING NONCOMPETE AGREEMENTS.

Good afternoon, Senator Kushner, Representative Sanchez, Senator Sampson, Representative Ackert and members of the Labor & Public Employees Committee. The Greater Waterbury Regional Chamber represents nearly one thousand small and large businesses throughout its borders. Our close-knit team of employers and employees are the foundation of our region's strong economy which has been recovering steadily since the pandemic. We **strongly oppose HB 6594: AN ACT CONCERNING NONCOMPETE AGREEMENTS.**

Non-compete agreements provide protection for employers from the loss of trade secrets, emerging technologies, client lists, and other confidential and proprietary information. These agreements are heavily restricted by the courts to balance the interests of employers and employees while ensuring appropriateness of scope, geography, and duration.

In some cases, stipulations outlined within said non competes can be viewed as excessive or inflated, nonetheless the restrictions proposed in HB 6594 remove the assurance and securities these agreements provide in cases where they are needed the most.

HB 6594 invalidates all noncompete agreements on July 1, 2023, if any of the following apply:

- The employee is a non-exempt (hourly) employee,
- The employee is an exempt employee (salaried) who earns less than three times the minimum wage (\$93,600 per year for a full-time employee at \$15 an hour), or
- The independent contractor earns less than five times the minimum wage (\$75 per hour at \$15 hour)

By applying a multiple of the minimum wage as a baseline to invalidate these agreements will cause uncertainty and problems given enough time. For one, the minimum wage is indexed, resulting in a moving target whereby an agreement may be invalidated over time due to wage increases. This threshold ignores the needs of many industries providing good, middle-class jobs that use geographically and durationally limited noncompete agreements, such as hair care professionals, golf course pros, and even members of the clergy. This threshold also invalidates non-compete agreements for very highly skilled individuals who have access to sensitive information, including design engineers, skilled tradespeople, and software developers.