

## Testimony in Support of H-8059, the Rhode Island Noncompetition Agreement Act

House Committee on Labor

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**The Economic Progress Institute supports Representative Baginski’s H-8059, the Rhode Island Noncompetition Agreement Act, which would protect Rhode Island employees from noncompete clauses in contracts.**

As originally designed, noncompetition agreements aimed to prevent highly-compensated, executive-level or other highly-skilled employees from leaving one company for another within a competitive industry and harm competition through their knowledge and possibly bringing trade secrets from their former employers. Increasingly, however, such “agreements” have been imposed upon workers at all levels, including, for example, low-wage workers at fast food franchises. In such cases, there is simply no legitimate business need for noncompetition restrictions.

Noncompetition restrictions harm the economy, and low-income workers in particular, in the following ways:

- Keep workers in jobs they might otherwise leave for better pay or benefits.
- Decrease workers’ bargaining power to improve wages and benefits.
- Depress wages in general for low-wage workers, even those not trapped by noncompetition restrictions.
- Lessen competition among businesses.

Five years ago, the General Assembly acted to protect workers by enacting legislation sponsored by the late Senator and Majority Whip Goodwin and now House Majority Leader Blajewski. That legislation protected workers ages 18 and below, workers earning less than \$1,000 per week, and non-exempt hourly workers. Mirroring proposed federal legislation, it is now time to broaden these protections to cover other workers. We urge passage of this legislation.