



March 10, 2026

Honorable Matthew L. LaMountain
Chairman, Senate Judiciary Committee
Rhode Island State House
82 Smith Street
Providence, RI 02903

RE: S2160 - AN ACT RELATING TO LABOR AND LABOR RELATIONS - RHODE ISLAND NON-COMPETITION AGREEMENT ACT

Dear Chairman LaMountain and Honorable Members of the Committee:

As the Executive Director of Rhode Island Business Leaders Alliance (the “Alliance”), I am grateful for the opportunity to provide the Senate Judiciary Committee with this written testimony in response to S2160 - AN ACT RELATING TO LABOR AND LABOR RELATIONS - RHODE ISLAND NON-COMPETITION AGREEMENT ACT, which would prohibit non-competition agreements except for non-competition agreements between a seller and buyer of a business

The Alliance understands and respects the intention behind this legislation to promote worker mobility and foster healthy competition. However, a complete ban on non-competition agreements except for non-competition agreements between a seller and buyer of a business would have significant and detrimental unintended consequences for businesses across Rhode Island, ultimately harming our state’s ability to innovate, protect investments, and support economic development.

The Alliance’s opposition to S2160 is rooted in several key concerns:

S2160 is Unnecessary

Currently, Rhode Island takes a balanced approach to non-competition agreements. The Rhode Island Non-Competition Agreement Act (the “Act”), in effect since 2019, already prohibits these agreements for workers with limited bargaining power, such as low-wage workers earning up to 250% of the federal poverty level; employees classified as non-exempt under the Fair Labor Standards Act; undergraduate and graduate students in a paid or unpaid internship; and

employees age eighteen years of age or younger. As currently drafted, the Act strikes the appropriate balance between protecting economically vulnerable workers while allowing employers to safeguard their legitimate business interests. S2160 disrupts this balance.

S2160 Will Make It More Difficult to Protect Confidential and Proprietary Business Information

In today's hypercompetitive environment, businesses invest heavily in developing proprietary business information, including trade secrets and confidential customer lists. Non-competition and non-solicitation agreements are essential tools for protecting these invaluable business assets. Without them, employees could immediately depart to a direct competitor and begin actively soliciting their former employer's customers and clients. The risk is particularly acute for employers in specialized fields like life sciences that rely on reasonable restrictive covenants to protect their significant investments in intellectual property. A blanket ban on these restrictive covenants may discourage companies in emerging industries from investing here in Rhode Island by making it more difficult to protect their intellectual property and customer relationships.

S2160 Will Make It More Difficult to Safeguard Investments in Training and Development

Many businesses invest substantial resources in providing employees with specialized training and development opportunities. This training often provides employees with a deep understanding of their employer's business, including their employer's major customer/client relationships and business strategies. S2160's near blanket ban on non-competition agreements would allow employees to receive valuable training and then immediately take their enhanced skill set to a direct competitor, thereby depriving their former employer of any return on investment.

S2160 Will Make It More Difficult to Protect Customer / Client Relationships and Goodwill

S2160 changes the definition of "non-competition agreement" in the Act to include a "backdoor" ban on customer non-solicitation agreements. These agreements are essential tools to protect established customer/client relationships and goodwill that a company has painstakingly built. Employees often develop strong relationships with their employer's customers/clients. Accordingly, employers have a legitimate business interest in ensuring that a departing employee cannot immediately begin soliciting those customers/clients for the benefit of a direct competitor. Without customer non-solicitation agreements, businesses are vulnerable to having their customer/client base eroded by former employees, resulting in significant financial losses and instability.

Conclusion

While employee mobility is important, the proposed non-competition and non-solicitation agreement ban contained in S2160 will create a hostile environment for businesses seeking to protect their intellectual property, investments in training, and customer relationships and associated goodwill. Ultimately, it would stifle innovation, discourage investment, and potentially harm the very businesses that create jobs and drive our economy. For this reason, the Alliance opposes S2160.

Respectfully submitted by:

Gregory Tumolo

Gregory Tumolo, Executive Director
Rhode Island Business Leaders Alliance