

MARYLAND

NEW LAW: Maryland Prohibits Noncompete Agreements For “Low-Wage” Employees

On May 25, 2019, Maryland Governor Larry Hogan signed [SB 328](#) into law. This new law, which goes into effect on October 1, 2019, prohibits Maryland employers from entering into noncompete agreements with “low wage” employees.

Under the new law, a “low wage” employee is defined as employees who earn equal or less than:

- \$15 per hour or
- \$31,200 annually.

However, the new law does not only apply to noncompete agreements. The law also applies to conflict of interest provisions in employment contracts and any other “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.” Since the law is not restricted to post-employment, this means that anti-moonlighting agreements or policies) cannot be enforced against these “low wage” employees.

It is recommended that Maryland employers who employ “low wage” employees immediately stop using noncompete agreements with these employees and clarify that any anti-moonlighting provisions do not apply to these employees.