

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: SB170

Patron: McPike

Bill Title: Protection of employees; covenants not to compete; discharged employees.

Bill Summary: Provides that no covenant not to compete, as such term is defined in existing law, between an employer and an employee is enforceable if such employer discharges such employee from employment without providing severance benefits to such employee. Under the bill's provisions, if such employer provides severance benefits after such discharge, such covenant not to compete is only enforceable for the duration of such benefits.

Budget Amendment Necessary: No.

Items Impacted: N/A.

Explanation: This bill involves the Department of Labor and Industry (DOLI); however, a budget amendment is not required.

Fiscal Summary: The fiscal impact of this bill is indeterminate.

Fiscal Analysis: This impact statement is preliminary. This bill provides that a covenant not to compete between an employer and an employee is not enforceable if such employer discharges such employee from employment without providing severance benefits to such employee. Any expenditure or revenue impact that may result from this bill is indeterminate.

The number of complaints DOLI's Law Division may receive and investigate as a result of the provisions of this bill are unknown. Violations of the provisions of this bill are subject to civil penalties. Any revenue collected as a result of these penalties will depend on the number of violations. Any revenue collected will be deposited to the general fund.

Other: None.