

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1016

(Delegate Pruski, *et al.*)

Government, Labor, and Elections

Finance

Labor and Employment - Noncompete and Conflict of Interest Clauses -
Employer Workforce Relocation and Out-of-State Employers

This bill establishes that a noncompete or conflict of interest provision in an employment contract is null and void if it involves an employee of an employer that (1) employs more than 30 employees on the first day of the employee’s employment, the majority of whom report to a primary work site located in the State or perform work remotely from within the State and (2) on the date when the employer seeks to enforce the noncompete or conflict of interest provision, does not have its principal place of business in the State or have the majority of its employees report to a primary work site located in the State or perform work remotely from within the State. The bill applies only to employment contracts executed after the bill’s effective date.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Definitions

The bill defines “enforcement date” as the earliest date on which an employer seeking to enforce a noncompete or conflict of interest provision in an employment contract or a similar document or agreement:

- files an action or otherwise seeks judicial enforcement of the provision;
- initiates arbitration or another form of formal dispute resolution; or
- demands in writing that the employee comply with the provision.

“Principal place of business” means the single location from which the officers of the employer direct, control, and coordinate the activities of the employer.

Current Law: A noncompete or conflict of interest provision in an employment contract 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 is null and void as being against public policy of the State if it applies to (1) any employee who earns 150% or less of the State minimum wage; (2) a licensed health care provider who provides direct patient care and earns \$350,000 or less in total annual compensation; or (3) a licensed veterinary practitioner or technician. This provision does not apply to an employment contract or a similar document or agreement with respect to the taking or use of a client or patient list or other proprietary client-related or patient-related information.

For licensed health care professionals providing direct patient care and earning more than \$350,000 annually, a noncompete provision may not exceed one year from the last day of employment. In addition, the geographical restriction in a noncompete or conflict of interest provision in an applicable employment contract may not exceed 10 miles from the primary place of employment. Upon request of a patient, an employer must provide the new location where a former employee is practicing.

Small Business Effect: Small businesses with at least 30 employees but fewer than 50 are impacted if they choose to relocate their principal place of business or the majority of their operations outside the State, as they are prohibited from enforcing existing noncompete provisions.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 900 (Senator Ready) - Finance.

Information Source(s): Maryland Department of Labor; Department of Legislative Services

Fiscal Note History:
jg/mcr

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Third Reader - April 2, 2026

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