

Comparison of H.205 and H.334 and proposed strike-all amendment (v.1.1)

H.205	H.334	H.205 – STRIKE ALL AMENDMENT
Sec. 1 – adds 9 V.S.A. chapter 153 on Franchise Agreements	N/A	Deletes Sec. 1 in entirety
Sec. 2 – adds 21 V.S.A. § 495q, Agreements not to compete; prohibition; exceptions; notice; employee rights	Sec. 1 – adds 21 VSA § 495q, Agreements not to compete; prohibition; exceptions; notice; employee rights	Sec.2 -- § 495q – same title (a) - adds intent section into the statute
(a) Definitions (1) Agreement not to compete (2) Non solicitation agreement (3) Severance agreement	(a) Definitions (1) Agreement not to compete (2) Non solicitation agreement Does NOT include severance agreements	(b) Definitions (1) Agreement not to compete – unchanged (2) Adds definition of executive employee (as used in (e)) (3) Expands the definition of non-solicitation agreement; adds a limit of one year in duration; removes the “or transacts” language in 3(A)(ii); adds subdivision (B) permitting a separating employee to provide notice of change of employment to clients with whom employee had a direct attorney-client, patient-medical provider, or fiduciary relationship. (4) Severance agreement – unchanged
(b) Prohibition – agreement not to compete, including an agreement not to compete contained within a contract, is void and unenforceable	(b) Prohibition – same language	(c) Prohibition - unchanged
(c) Exceptions to prohibition (1) sale of business (2) dissolution of partnership (3) dissolution of limited liability company (4) severance agreement	(c) Exceptions to prohibition (1) sale of business (2) dissolution of partnership (3) dissolution of limited liability company Does NOT include severance agreements	(d) Exceptions to prohibition - unchanged (1) sale of business (2) dissolution of partnership (3) dissolution of limited liability company (4) severance agreement

H.205	H.334	H.205 – STRIKE ALL AMENDMENT
(d) Wage threshold – prohibition on agreement not to compete does not apply where employee is paid more than \$100,000 annually in gross wages, provided that (A) prospective employee receives proposed agreement at time of the offer of employment and (B) the offer of employment is not rescinded any earlier than three business days	N/A	(e) Wage threshold – retains \$100,000 annual gross wages and adds that the employee must be an executive (defined as a senior executive at the highest level of the employing entity with access to proprietary information critical to the employer's business interests) Adds that an employer can rescind the offer of employment within three business days if the employer discovers information about the prospective employee that supports rescission of the offer
(e) Notice – to be given that existing agreements are void and unenforceable	(d) Notice – to be given that existing agreements are void and legally unenforceable	DELETES retroactive provisions and renumber subsequent subsections accordingly
(f) Employee rights – provisions against retaliation in 21 VSA § 495(a)(8) and penalty and enforcement pursuant to 21 VSA 495b	(e) Employee rights – provisions against retaliation in 21 VSA § 495(a)(8) and penalty and enforcement pursuant to 21 VSA 495b	(f) Employee rights. Unchanged
N/A	Sec. 2 adds 21 VSA § 495r, Stay-or-pay provisions; restrictions; exceptions; notice; employee rights	Sec. 3 adds 21 VSA § 495r, Stay-or-pay provisions; restrictions; exceptions; notice; employee rights
N/A	(a) Definition of stay-or-pay provision (b) Unlawful to require employee to pay employer pursuant to a stay-or-pay provision following employee's separation of employment (c) Exceptions to prohibition (d) Existing unlawful stay or pay provisions that are unlawful => notice required to employee/former employee (e) Penalty and enforcement - provisions against retaliation in 21 VSA § 495(a)(8) and penalty and enforcement pursuant to 21 VSA 495b	(a) Definition of stay-or-pay provision (b) Unlawful to require employee to pay employer pursuant to a stay-or-pay provision following employee's separation of employment (c) Exceptions to prohibition DELETES retroactive provision (d) Penalty and enforcement - provisions against retaliation in 21 VSA § 495(a)(8) and penalty and enforcement pursuant to 21 VSA 495b
Effective date July 1, 2025	Effective on passage	July 1, 2026

