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March 28, 2025

Representative Marc Mihaly, Chair
House Committee on General and Housing
Vermont State House, Room 31
Montpelier, VT 05633-5301

H.334 (Rep. Logan)

Dear Chair Mihaly and Committee Members,

The National Federation of Independent Business (NFIB) represents nearly 1,000 small businesses in Vermont. Our members operate in every industry - from family farms to main street shops - and are typically very small, with 80% employing fewer than 20 people.

We write to share with H.334. Our members are concerned about the proposal's lack of recognition of the noncompete agreements related to customized training.

While the bill permits "stay or pay agreements" that could be related to training, an employer is barred from reasonably limiting the period in which a person who receives months or years of customized training - amounting to tens of thousands worth of value - could join a competitor or form their own business.

The harm from such a move may outweigh any financial recoupment the employer could seek under a post-employment recovery agreement.

Further, we recognize that noncompete agreements can be abused by bad actors but believe the passage of a new law will not stop them from improperly trapping employees with an agreement that was invalid in the first place. Rather than an outright ban on noncompete agreements, lawmakers could take steps to further define these agreements in law and consider an administrative review process that provides an expedited and lower cost determination of the agreement's validity under the law.

Lastly, small employers in particular have a lot on their plate and are not always tuned into what's happening in Montpelier. Most do not have in-house human resources managers or attorneys to help them decipher complex changes to employment regulations. An effective

date of 7/1/2026 would give time for the state to make employers aware of this change and for small employers who utilize noncompete agreements to adapt to it.

Thank you for the opportunity to comment and for considering our members' perspective.

Sincerely,

A handwritten signature in black ink, appearing to read 'JR', with a stylized flourish at the end.

John L. Reynolds
Vermont State Director
National Federation of Independent Business
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