

1 Introduced by Senator Ram Hinsdale

2 Referred to Committee on

3 Date:

4 Subject: Labor; employment practices; good cause termination; agreements not
5 to compete; right to sit in the workplace

6 Statement of purpose of bill as introduced: This bill proposes to establish a
7 good cause standard for termination of employment. This bill also proposes to
8 restrict the use of noncompete agreements that prohibit individuals from
9 competing with their former employers. This bill also proposes to create a
10 right to sit in the workplace if standing is not required for performance of the
11 job.

12 An act relating to employee rights

13 It is hereby enacted by the General Assembly of the State of Vermont:

14 Sec. 1. 21 V.S.A § 495 is amended to read:

15 § 495. UNLAWFUL EMPLOYMENT PRACTICE

16 * * *

17 (b)(1) It shall be an unlawful employment practice for an employer to
18 discharge an employee for other than good cause shown. As used in this
19 subdivision, “good cause” means either a reasonable, good-faith reason for
20 discharge related to a legitimate business reason or that the employee has been

1 employed by the employer for fewer than 90 days. “Good cause” does not
2 include reasons for discharge that are trivial, arbitrary, capricious, or otherwise
3 unrelated to a legitimate business reason. A “legitimate business reason”
4 includes the employee’s failure to satisfactorily perform job duties.

5 (2) The provisions of this section shall not be construed to limit:

6 (A) the rights of employers to discharge employees for good cause
7 shown; or

8 (B) any other rights of employees provided pursuant to law or in a
9 contract or collective bargaining agreement.

10 (3) An employer shall post notice of the provisions of this subsection in
11 a form provided by the Commissioner in a place conspicuous to employees at
12 the employer’s place of business.

13 * * *

14 Sec. 2. 21 V.S.A. § 495q is added to read:

15 § 495q. AGREEMENTS NOT TO COMPETE; PROHIBITION;

16 EXCEPTIONS; NOTICE; EMPLOYEE RIGHTS

17 (a) Definitions. As used in this section:

18 (1)(A) “Agreement not to compete” means an agreement between an
19 employer and an employee that restricts the employee, after separating from
20 employment, from performing:

21 (i) work for another employer for a specified period of time;

1 (ii) work in a specified geographical area; or

2 (iii) work for another employer in a capacity similar to the
3 employee’s work for the employee’s former employer that is party to the
4 agreement.

5 (B) An agreement not to compete does not include:

6 (i) an agreement that prohibits the disclosure of trade secrets as
7 defined in 9 V.S.A. § 4601 or a nondisclosure agreement that protects
8 confidential business information that does not constitute a trade secret; or

9 (ii) a nonsolicitation agreement between an employer and an
10 employee, provided that the limitations set forth in the agreement are
11 reasonable in time, geographical area, and the scope of activity to be
12 restrained.

13 (2) “Nonsolicitation agreement” means an agreement between an
14 employer and employee pursuant to which the employee agrees not to:

15 (A) solicit or recruit the employer’s employees; or

16 (B) solicit or transact business with customers or clients of the
17 employer who were customers or clients while the employee was employed by
18 the employer.

19 (b) Prohibition. Any agreement not to compete, including an agreement
20 not to compete contained within a contract, is void and unenforceable.

1 (c) Exceptions. Nothing in this section shall be construed to prohibit an
2 individual from entering into an agreement not to compete in relation to:

3 (1) the sale of all or substantially all of the individual’s ownership
4 interest in:

5 (A) a business or its operating assets; or

6 (B) a subsidiary or division of a business or the operating assets of a
7 subsidiary or division of a business;

8 (2) the dissolution of a partnership in which the individual is a partner or
9 the dissociation of the individual from a partnership; or

10 (3) the dissolution of a limited liability company in which the individual
11 is a member or the termination of an individual’s interest in a limited liability
12 company.

13 (d) Notice. For existing agreements not to compete that violate subsection
14 (b) of this section, the employer must notify each employee who is party to the
15 agreement that the agreement not to compete is void and legally unenforceable.

16 Notice shall be in the form of a written individualized communication
17 addressed to the employee or former employee and shall be delivered to the
18 last known address and email address of the employee or former employee.

19 (e) Employee rights. The provisions against retaliation in subdivision
20 495(a)(8) of this title and the penalty and enforcement provisions of section
21 495b of this title shall apply to this section.

1 Sec. 3. 21 V.S.A. § 495r is added to read:

2 § 495r. RIGHT TO SIT

3 (a) Employers shall provide suitable seats for the use of their employees
4 and shall permit employees to be seated whenever it is reasonable for an
5 employee to use a suitable seat while working, except when the work cannot
6 properly be performed in a sitting position or when such seats may reasonably
7 be expected to result in an unsafe or hazardous working condition.

8 (b) As used in this section, “suitable seat” means a chair, stool, bench, or
9 any similar object on which an individual can sit and that provides support for
10 an individual’s back.

11 (c) An employer who violates the provisions of this section shall be
12 assessed a civil penalty of not more than \$100.00 for each violation.

13 Sec. 4. EFFECTIVE DATE

14 This act shall take effect on July 1, 2025.