Washington, D.C. Postpones Ban on Non-Competes

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Washington, D.C. employers have more time to get their non-compete ducks in a row. On August 23, 2021, Mayor Bowser signed the Fiscal Year 2022 Budget Support Act of 2021 (B24-0373) (the “Support Act”), which includes various statutory changes necessary to implement the D.C. FY 2022 budget. As expected, the Support Act postpones the applicability date of the Ban on Non-Compete Agreements Amendment Act of 2020 (the “Non-Compete Act”) until April 1, 2022. The postponement not only provides more time for employers to prepare for the non-compete ban—it also
permits the D.C. Council to continue its consideration of additional amendments to the Non-Compete Act. For a summary of those other possible changes, please see our recent post here.

The D.C. Council also passed the Fiscal Year 2022 Local Budget Act of 2021 (B24-275) (the “Local Budget Act”), which allocates $105,000 to the Department of Employee Services to fund the Non-Compete Act. The Local Budget Act is currently awaiting the Mayor’s signature, which is expected.

Mayor Bowser must now send the Support Act to Congress for the 30-day congressional review period required under the Home Rule Act. Once signed by the Mayor, the Local Budget Act will follow the same legislative process. Although Congress may alter D.C. budgets, it rarely chooses to do so. As such, D.C. employers should mark March 31, 2022 on their calendars as the last day (barring further action by the D.C. Council to amend or clarify the Non-Compete Act) that they can enter into a non-compete agreement with most employees.

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