



Employment Law Note

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Washington Employers Should Prepare Now for the State's New Ban on Noncompete Agreements



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On March 23, 2026, Governor Bob Ferguson signed a new law banning noncompetition agreements in

Washington. In doing so, Washington will join other states with similar bans, including California, Minnesota, North Dakota, and Oklahoma. The new law specifically references the Federal Trade Commission's failed attempt to create a nationwide ban in its 2024 Final Rule, an effort that was abandoned in 2025 following court challenges. Although the new Washington law may also face court challenges and is not set to go into effect until June 30, 2027, key provisions of the law require employers to start preparing now.

Key Provisions

Engrossed Substitute House Bill 1155 ([ESHB 1155](#)) declares noncompetition agreements "void and unenforceable regardless of when the parties entered into the noncompetition agreement." This means that, once effective, the law applies retroactively to void previously executed agreements. Moving forward, any agreement entered into now—in compliance with the current law allowing for noncompete agreements—will nonetheless be void come June 30, 2027.

Under the current law, RCW 49.62.020(2), courts are to presume any noncompete agreement longer than 18 months is "unreasonable and unenforceable." This presumption, however, can be

rebutted by clear and convincing evidence that a longer duration is necessary to protect a party's business or goodwill. The new law effectively shortens the duration of any current noncompete agreements that were set to expire after June 30, 2027. In other words, a noncompete agreement that was bargained for and supported by either an offer of employment or additional consideration will be void after the effective date of the statute.

The legislation also expands the definition of a "noncompete." It defines a "noncompetition covenant" to include not only traditional notions of restricting employment with a competitor, but also "any provision in an agreement that threatens, demands, requires, or otherwise effectuates that an individual return, repay, or forfeit any right, benefit, or compensation, as a consequence of the individual engaging in a lawful profession, trade, or business of any kind." This broad definition means that certain compensation terms, such as equity forfeiture clauses, bonus clawbacks, or signing bonuses may be unenforceable if related to a restriction on post-employment competition.

Another change applicable to the arts and entertainment industries is that performers cannot be restricted by any performance space or third-party scheduler from engaging in any lawful performance through the use of a noncompete agreement.

ESHB 1155 additionally prohibits employers from enforcing, attempting to enforce, or threatening to enforce any noncompete agreement. It likewise prohibits employers from representing to an employee that they are subject to a noncompete agreement and from attempting to enter into such an agreement with an employee or worker.

Finally, a key provision of the law requires employers to make reasonable efforts, by October 1, 2027, to “provide written notice to all current and former employees and independent contractors whose noncompetition covenant is still within its effective time period, that their noncompetition covenant is void and unenforceable.”

What is Still Permitted

The new law leaves (mostly) intact non-solicitation agreements, confidentiality agreements, trade-secret protections, and noncompete agreements related to the sale of a business or franchise. It also contains a narrowly tailored carve-out for tuition reimbursement programs.

A non-solicitation agreement can still be applied to restrict post-termination solicitation of former coworkers. However, the law contains an expanded definition governing permissible restrictions on soliciting customers, patients, or clients. A non-solicitation agreement can restrict solicitation of current or prospective customers, patients, or clients of an employer if the employee established or substantially developed a direct relationship through the employee’s work for the employer. It can last no longer than 18 months post-

termination. Non-solicitation agreements cannot be used as back-door noncompete agreements. That is, they cannot be used to prohibit the *acceptance or transaction of business* with a former customer, patient, or client.

Employers may enter into written tuition reimbursement agreements with employees provided they: 1) expire within 18 months of the employee’s start of employment; 2) limit repayment to a pro rata portion of the remaining 18-month period; and 3) release the employee from an obligation to repay the amount reimbursed if the employee separates from employment for “good cause” as defined by the Employment Security Department in RCW 50.20.050.

Washington’s noncompete statute applies to all Washington employees regardless of where the employer is based. It contains a private right of action for violations of the statute and steep penalties of actual damages or a statutory penalty of \$5,000 plus attorneys’ fees, costs, and expenses. Employers should begin updating their restrictive covenant agreements and tuition reimbursement agreements to bring them in compliance with the new law as well as begin evaluating what employees may need to receive notice that their existing agreement will be void once the new law goes into effect.

Employers with questions on the latest developments in state and federal employment law, and how they may affect your workplace, are encouraged to contact Sebris Busto James.

For more information about this month’s Employment Law Note
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