

COMMUNICATIONS

(2-1) The Following Communication: (H.C. 465)

and accompanying veto, item (2-2)

**STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0001**

March 29, 2024

The 131st Legislature of the State of Maine
State House
Augusta, Maine

Dear Honorable Members of the 131st Legislature:

By the authority vested in me by Article IV, Part Third, Section 2 of the Constitution of the State of Maine, I am hereby vetoing L.D. 1496, *An Act To Prohibit Noncompete Clauses*.

In 2019, the Legislature enacted L.D. 733, *An Act to Promote Keeping Workers in Maine*. P.L. 2019, Ch. 513. That law places strict limits on the use of noncompete agreements in Maine, and bars their use with low-income workers like hairdressers and fast-food workers who stand to be the most harshly impacted by their terms. L.D. 1496 would go well beyond that by rendering most noncompete agreements unenforceable, even when they are designed to protect a former employer's confidential information from disclosure to commercial competitors.

This ignores the fact that noncompete agreements can be critical tools to prevent employees from taking unfair advantage of their former employers. Whether a technology start-up or a microbrewery, businesses must hire employees and invest heavily in their training and development in order to grow. In doing so, these employees are often entrusted with manufacturing techniques, commercial strategies, or other confidential information that is integral to the success of the business. It would be both unfair and contrary to public policy to prohibit employers from requiring a commitment from their employees not to take what they have learned and immediately put that sensitive information to work for a competitor.

The Labor and Housing Committee was presented with no evidence that the recently enacted statute is inadequate, or that noncompete agreements are being abused in Maine. To the contrary, the Department of Labor testified in opposition to the bill, explaining that they have received no complaints that suggest a need for amendments to the current law. Business interests – large and small – and healthcare providers also opposed the bill out of concern for the effect it would have on the operations of their members, and I have heard directly from Maine-based businesses echoing those concerns.

The Federal Trade Commission is expected to adopt new regulations next month governing the use of noncompete agreements. Enacting new state-level restrictions on these agreements with no demonstrated need and over the objections of Maine businesses – all just before a new federal policy will be announced – would be ill-advised.

My office approached the sponsor with an amendment to this bill that would have garnered my support. Regrettably, that offer of compromise was rejected. As a result, I am left with no choice but to return L.D. 1496 unsigned and vetoed, and urge the Legislature to sustain this veto.

Sincerely,

S/Janet T. Mills
Governor

(2-2) The accompanying item An Act to Restrict Noncompete Clauses
(H.P. 951) (L.D. 1496)
(C. "A" H-768)
