

Washington State Prohibits Non-Competes and Many Non-Solicitation Agreements

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On March 23, 2026, Washington's Governor Bob Ferguson signed a law that eliminates non-compete agreements, severely restricts non-solicitation agreements, and imposes other requirements related to all Washington employees.

Who is covered?

This law applies to all employees in Washington, even if their employer is based elsewhere.

My company is based outside Washington state, and we have only one employee there. Does the law apply to us?

This law applies to all employees in Washington, even if their employer is based elsewhere.

We're a really small company, does it apply to us?

Yes. The Act includes all entities employing one or more people and which has business activity in Washington. Even if the company is small, and even if it is based elsewhere.

What is prohibited?

The law defines a non-compete agreement to include any written or oral covenant, agreement or contract that "prohibits or restrains" a worker (employee or independent contractor) from engaging in a lawful business. The phrase is to be liberally construed against enforcement of a noncompetition covenant. The law gives several examples, including contracts that "directly or indirectly prohibits the acceptance or transaction of business with a customer," or between performers and locations.

How about retention incentive agreements or training benefits?

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The law expressly prohibits any threat or demand that an employee repay or return any compensation or benefit as a consequence of engaging in a lawful profession. This arguably includes stay incentives, training benefits conditioned on continued employment, and the like. There is a limited exception for educational expenses, so long as the covenant expires within 18 months of the start of employment (not the start of the educational program), it is limited to pro rata repayment and releases the obligation if the employee is separated based on “good cause” (a defined term).

Are there exceptions?

Yes, but narrow ones. Nonsolicitation agreements are allowed, but not if they “directly or indirectly” prohibit the acceptance or transaction of business with a customer. This language is intentionally very broad. Restrictions on confidentiality, trade-secret protections, and sale of goodwill of a business are allowed (but then only if the person signing the covenant owns 1% or more of the business), and some franchisee agreements.

What if I have an existing noncompete agreement with an employee who moves to Washington from out of state?

The new law would apply to that employee and the noncompete agreement would be unenforceable.

Does the law require me to do anything?

Yes. By October 1, 2027, employers must make reasonable efforts 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.

When does this law start?

The Act generally takes effect June 30, 2027. The written notice must be sent by October 1, 2027.

What should I do now?

Employers should review all noncompetition, nonsolicitation, and confidentiality agreements now to ensure either compliance or an orderly transition of agreements. This includes handbooks, policies, and other documents which could directly or indirectly impose an unlawful restraint. Employers should also begin planning for the employee notice (due on October 1, 2027). Experience in other states cautions that this process can be more complicated and time-consuming than expected.