Articles + Publications | April 22, 2026

Washington's New Noncompete Prohibition: Compliance Roadmap for Employers

WRITTEN BY

Grace M. Goodheart

Noncompete agreements in Washington now have an expiration date: June 30, 2027. As of that date, it will no longer be lawful for employers to enter into or attempt to enforce noncompete agreements with workers in Washington state, regardless of income level.

In 2019, Washington banned noncompete agreements for employees earning annual wages of $100,000 or less. Noncompete agreements were also banned for independent contractors earning $250,000 or less per year. The applicable wage thresholds were adjusted each year based on inflation.

Now, the Washington legislature has determined those prior measures "did not go far enough" to protect workers' interests. On March 23, 2026, Governor Bob Ferguson signed House Bill 1155, which updates Washington law to prohibit all noncompete agreements between employers and workers (including both employees and independent contractors). The law will go into effect on June 30, 2027.

The updated law applies equally to all workers, and prohibits employers from entering into, attempting to enter into, enforcing, or threatening to enforce any of the following types of agreements:[1]

- A traditional noncompete agreement, whereby the worker is prevented from working for a competitor for a period of time;
- An agreement that prevents the worker from accepting or transacting business with customers; and
- An agreement that requires forfeiture of any right, benefit, or compensation if the worker works for a competing business.

Notably, HB 1155 also broadens the definition of "noncompetition covenant" to include agreements that require an employee or independent contractor to repay compensation if they leave to work for another employer. These repayment-trigger provisions would be void as of June 30, 2027, unless they meet a narrow exception for bona fide educational expense reimbursement agreements.

Employers still may protect their interests by entering into confidentiality, employee nonsolicitation, and customer nonsolicitation agreements with workers. However, HB 1155 adds new restrictions on customer nonsolicitation agreements. Under the new law, a customer nonsolicitation agreement must be limited to no longer than 18 months after the end of employment, and, as noted above, may not prohibit the worker from accepting business from a customer who reaches out without being solicited. The new law also limits the types of customers to which a nonsolicitation clause can apply. Workers can be prohibited from soliciting both customers and prospective customers to shift business away from the employer, but only if the worker established or developed a direct

relationship with that customer or prospect through their work for the employer.

In that way, Washington's limitation on the scope of a customer nonsolicitation provision goes further than similar laws in many other states, which may allow restrictions on soliciting customers with whom an employee had contact during their employment, or about whom the employee received confidential information, even if the employee did not establish the relationship or work directly with the customer. Washington law is much more protective of the workers' interests; as written, the law appears to allow a worker to solicit a customer that they worked with extensively during employment or engagement if, for example, the worker brought that customer from a prior employer. Whether the law will be strictly interpreted in that respect will likely be the subject of regulations or litigation in the future.

Beginning on June 30, 2027, it will be a violation of the law for an employer to enter into or attempt to enter into a prohibited noncompete agreement with a worker. It also is a violation for an employer to enforce, attempt to enforce, or threaten to enforce a noncompete, or to represent to a worker that they are subject to a noncompete. Each of these violations can give rise to penalties and legal liability. Specifically, an employer that violates the statute may be subject to an action (either by the Washington attorney general or by an individual) to recover actual damages or a statutory penalty of $5,000, whichever is greater, plus reasonable attorney's fees, expenses, and costs incurred by the worker in the action. In addition, by October 1, 2027, employers are required to "make reasonable efforts" to provide written notice to all current and former workers whose noncompete agreement is still in effect, informing the worker that the noncompete provision is void and unenforceable.

Employers with workers in Washington should work with trusted employment counsel to begin planning for compliance with the new law, including identifying any workers who will need to receive written notice that their current noncompete is no longer effective, preparing training for HR teams to ensure noncompetes are not entered into with Washington workers, and updating nonsolicitation and confidentiality agreement forms.

---

[1] The law expressly allows for: (a) non-compete agreements entered into in connection with the sale of a business, if the person entering into the agreement purchases, sells, acquires, or disposes of at least 1% of the business; (b) non-competes with franchisees under certain circumstances; and (c) agreements for an employee to repay out-of-pocket educational expenses, provided that the agreement meets certain requirements.

RELATED INDUSTRIES + PRACTICES

- Labor + Employment