

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

H.B. 61
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40035-LR-30

Short Title: Abolish Employment At-Will. (Public)

Sponsors: Representative Logan.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT ABOLISHING AT-WILL EMPLOYMENT AND RECOGNIZING A COVENANT
3 OF GOOD FAITH AND FAIR DEALING IN EMPLOYMENT CONTRACTS.

4 Whereas, the origin of the employment at-will doctrine has been traced back to an
5 1877 treatise that legal scholars have since questioned; and

6 Whereas, the employment at-will doctrine is disfavored by several states and by
7 almost all modern, industrialized nations; and

8 Whereas, the employment at-will doctrine means that an employer can terminate an
9 employee because they do not like their haircut, clothing, choice of automobile, or for no reason
10 at all; and

11 Whereas, the imbalance of power created by the employment at-will doctrine
12 adversely affects personal freedom and economic security; and

13 Whereas, the implied covenant of good faith and fair dealing is an important legal
14 doctrine that underpins the Uniform Commercial Code in Section 1-304; and

15 Whereas, the implied covenant of good faith and fair dealing is recognized by the
16 American Law Institute as Section 205 of the Restatement (Second) of Contracts; and

17 Whereas, good public policy dictates that acts of bad faith should not be tolerated just
18 because they are committed as part of an employment contract; Now, therefore,
19 The General Assembly of North Carolina enacts:

20 **SECTION 1.** Article 1 of Chapter 95 of the General Statutes is amended by adding
21 a new section to read:

22 **"§ 95-31.1. Covenant of good faith and fair dealing; at-will employment abolished.**

23 (a) The General Assembly finds that every contract for employment, whether the contract
24 is written or oral, consists of both express and implied terms that are legal covenants between the
25 parties to the contract. Further, the General Assembly declares that an implied covenant of good
26 faith and fair dealing is part of every employment contract in this State. Therefore, it is the public
27 policy of this State that the employment at-will doctrine is inconsistent with the implied covenant
28 of good faith and fair dealing that is part of every employment contract in this State.

29 (b) The doctrine of at-will employment is abolished in this State.

30 (c) An employee in this State may only be fired for just cause."

31 **SECTION 2.** This act is effective when it becomes law and applies to employment
32 in this State on or after that date.

