

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 269
Mar 3, 2025
HOUSE PRINCIPAL CLERK

H

D

HOUSE BILL DRH30124-LR-39A

Short Title: Workforce Freedom and Protection Act.

(Public)

Sponsors: Representative Cohn.

Referred to:

A BILL TO BE ENTITLED
AN ACT REMOVING BARRIERS TO JOB MOBILITY, EMPOWERING WORKERS TO
NEGOTIATE BETTER WAGES, AND FOSTERING A FAIRER LABOR MARKET BY
BANNING EXPLOITATIVE EMPLOYMENT PRACTICES AND AUTHORIZING THE
LEGISLATIVE RESEARCH COMMISSION TO STUDY STREAMLINING
OCCUPATIONAL LICENSING IN NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1.1. Title. – This act shall be known and may be cited as the "Workforce Freedom and Protection Act."

SECTION 2.1. Repeal Restrictions on Labor Organizing and Collective Bargaining. – Articles 10 and 12 of Chapter 95 of the General Statutes are repealed.

SECTION 3.1.(a) Non-Competes Prohibited. – Chapter 95 of the General Statutes is amended by adding a new Article to read:

"Article 24.

"Workplace Freedom.

"§ 95-275. Contracts restraining lawful work prohibited.

(a) Definitions. – The following definitions apply in this Article:

(1) Employee. – An employee providing labor or services to another for pay of less than seventy-five thousand dollars (\$75,000) per year.

(2) Non-compete agreement. – An agreement between an employer and an employee that restricts the employee, after termination of the employment, from doing one or more of the following:

a. Working for another employer for a specified period of time.

b. Working in a specified geographical area.

c. Engaging in work activities similar to those performed for the employer.

(3) No-poach agreement. – An agreement between employers that restricts one employer from soliciting, recruiting, hiring, or otherwise competing for employees employed by another employer.

(b) Policy. – It is the public policy of this State that any contract by which anyone is restrained from exercising a lawful profession, trade, or business of any kind is to that extent void and unenforceable, except as provided in subsection (c) of this section.

(c) Prohibition. – No employer in this State shall do any of the following:

(1) Enter into a non-compete agreement with an employee.

(2) Require an employee to enter into a non-compete agreement as a condition of employment.



* D R H 3 0 1 2 4 - L R - 3 9 A *

(3) Enforce or attempt to enforce a non-compete agreement.

(4) Threaten to enforce a non-compete agreement.

(5) In the case of a franchise operator, enter into an agreement that restricts an employee from moving between locations.

(d) Enforcement. – Any person injured by a violation of this section may bring a civil action to recover actual damages, reasonable attorneys' fees and costs, and any other relief the court deems appropriate. The Attorney General may investigate violations and bring an action to enforce this section.

(e) Choice of Law and Venue. – No employer may require an employee who primarily resides or works in North Carolina to agree to a contract provision that would (i) require the employee to adjudicate outside of North Carolina a claim arising in this State or (ii) deprive the employee of the protection of North Carolina law for a claim arising in this State. Any such provision is void and unenforceable."

SECTION 3.1.(b) Effective Date. – This section becomes effective July 1, 2025, and applies to all non-compete agreements entered into on or after that date. This act does not apply to non-compete agreements entered into prior to the effective date, except that any attempt to enforce such an agreement after the effective date must comply with G.S. 95-275, as enacted by this act.

SECTION 4.1.(a) LRC Study. – The Legislative Research Commission (LRC) shall conduct a comprehensive review of all occupations and professions in North Carolina that require a State-issued license. The purpose of this study is to identify any occupational licensing requirements that are unnecessary or overly restrictive and to recommend changes to increase workforce freedom while protecting public health and safety. For purposes of this section, "occupational licensing board" has the same meaning as in G.S. 93B-1(2), and "licensed profession" means any occupation or profession for which an individual is required by law to obtain a license, certification, or registration from an occupational licensing board or other State agency.

SECTION 4.1.(b) Scope. – The study conducted by the LRC under this section shall examine and evaluate, at a minimum, the following criteria for each licensed profession. The study shall be conducted with an emphasis on the following priority industries: construction trades, cosmetology, health-related professions, personal care services, and other fields where occupational licensing requirements may disproportionately impact small business creation and workforce entry:

(1) **Public safety rationale.** – Whether the absence of a licensing requirement for the profession would likely result in significant harm or danger to the public's health, safety, or welfare. The review shall determine whether licensing is justified by a demonstrable need to prevent tangible harm to consumers or the public, with a focus on data-driven risk assessments.

(2) **Necessity and alternatives.** – Whether existing licensure requirements advance a meaningful public interest and are no more restrictive than necessary to protect that interest. The study shall compare North Carolina's licensing requirements to national standards and determine whether less restrictive alternatives, such as certification, registration, bonding, or general consumer protection laws, could adequately ensure public safety and welfare.

(3) **Impact on employment and economic opportunity.** – Assess the extent to which licensing requirements create barriers to entry into the profession. The study shall use quantitative benchmarks, for example average licensing fees and educational requirements compared to national medians, to determine if the cost, education, experience, or examination requirements unreasonably impede individuals, particularly those with moderate or low incomes, from

- 1 pursuing lawful work without providing a proportional benefit to public
2 protection.
- 3 (4) Effects on consumers and competition. – The impact of the licensing
4 regulation on consumer costs, service availability, and market competition.
5 Any licensing rules that result in a ten percent (10%) or greater increase in
6 consumer prices or a fifteen percent (15%) or greater reduction in market
7 competition, based on a three-year review period, shall be flagged for potential
8 modification or repeal.
- 9 (5) National comparison and best practices. – How North Carolina's licensing
10 requirements for the profession compare to those in other states and to national
11 standards or model laws. Any licensing requirement that exceeds the national
12 average in cost, educational hours, or regulatory burden without clear
13 justification shall be included in the study's findings for possible reform.
- 14 (6) Regulatory overlap or redundancy. – Whether the profession is subject to
15 duplicative regulations or could be regulated under an umbrella with related
16 occupations. The study shall identify any overlap between boards or licenses
17 and evaluate the feasibility of consolidating boards or creating universal
18 licensing recognition for workers moving from out of state.
- 19 (7) Outcomes and accountability. – The evaluation of both the costs and benefits
20 of the licensing requirement shall be supported by historical data, including
21 review of disciplinary records, consumer complaints, and enforcement
22 actions. The LRC shall recommend repeal or modification of any licenses that
23 have minimal documented public safety benefits but impose significant
24 barriers to employment.

25 **SECTION 4.1.(c) Stakeholder Engagement.** – The LRC shall engage stakeholders,
26 including the following:

- 27 (1) Occupational licensing boards representing the professions under review.
28 (2) Industry associations for the respective licensed professions.
29 (3) Consumer advocacy groups and workforce development organizations.
30 (4) Small business owners and entrepreneurs affected by licensing rules.
31 (5) Workers and trade associations representing licensed professionals.

32 The LRC shall conduct at least three public hearings, one in each geographic region
33 of the State (Western, Central, and Eastern North Carolina), to gather public input and
34 recommendations. The LRC shall open a public comment period of at least 90 days during which
35 individuals, businesses, and organizations may submit feedback. Additionally, the LRC shall
36 consider and incorporate reforms implemented in other states that have successfully reduced
37 licensing burdens while maintaining consumer protection standards.

38 **SECTION 4.1.(d) Report and Legislative Action.** – The LRC shall submit an interim
39 report on the results of the study authorized by this section, including any recommended
40 legislation, to the 2025 General Assembly when it reconvenes for the 2026 session. The LRC
41 shall submit a final report to the 2027 General Assembly, which shall do all of the following:

- 42 (1) Specifically identify any occupational licenses or licensing requirements
43 deemed unnecessary or overly restrictive, with supporting data.
44 (2) Include legislative proposals for modifying, consolidating, or eliminating
45 licensing requirements where justified.
46 (3) Recommend any administrative actions that could streamline licensing
47 processes without legislative changes.
48 (4) Include an implementation time line for any recommended reforms.

49 The General Assembly shall be required to hold a public hearing on the LRC's
50 recommendations within six months of receiving the final report, ensuring legislative
51 consideration and potential action on identified licensing reforms.

- 1 **SECTION 4.1.(e)** Effective Date. – This section is effective when it becomes law.
2 **SECTION 5.1.** Effective Dates. – Except as otherwise provided, this act is effective
3 when it becomes law.