

[Updates](#)

March 27, 2025

Texas Lawmaker Introduces Bill To Ban Noncompete Agreements



Texas Representative Christina Morales (D) introduced Texas House Bill 4067 (HB 4067), which seeks to prohibit most noncompete agreements in the state of Texas, on March 7, 2025.

This bill, if enacted, would broadly restrict employers from enforcing noncompete agreements against workers, with limited exceptions. Below are the bill's key provisions.

Definition of Noncompete Agreements

The bill defines a covenant not to compete as a condition of employment, including an oral or written contractual term or workplace policy, that prohibits a worker from, penalizes a worker for, or functions to prevent a worker from either of the following:

- Seeking or accepting work in the United States with another employer after their employment ends
- Operating a business in the United States after their employment ends

Proposed Restrictions

- **For most workers (nonsenior executives).** Employers would be prohibited from entering into, enforcing, or even representing that a worker is subject to a noncompete agreement.
- **For senior executives.** While existing noncompete agreements for high-level executives (those in policymaking positions earning \$151,164 or more annually) would remain enforceable, new agreements signed after September 1, 2025, would be void and unenforceable. Employers would also be prohibited from representing that a senior executive is subject to a noncompete agreement entered into after September 1, 2025.

Proposed Exceptions

The proposed restrictions would not apply to noncompete agreements entered into under a bona fide sale of any of the following:

- A business
- The person's ownership interest in a business (The bill does not specify whether this exception refers to the partial or complete sale of the person's ownership interest in a business.)
- All or substantially all of the operating assets of a business

Effective Date

If passed, the law would take effect **on September 1, 2025**. Employers with existing void or unenforceable noncompete agreements would be required to notify affected workers by **January 1, 2026**.

Zooming Out

HB 4067 aligns with growing national scrutiny over restrictive employment covenants. This bill would repeal several sections of the Texas Business and Commerce Code, Health and Safety Code, and Special District Local Laws Code that currently govern noncompete agreements.

Because this bill was just introduced on March 7, 2025, it remains to be seen whether it will gain any traction in the Republican-controlled Texas House. However, Texas' current business and political environments make it unlikely that the bill will pass unless significant changes are made.

Authors

Explore more in

[Labor & Employment](#)

Related insights

Update

[DOJ Launches Deregulation Task Force](#)

Update

[Trump Administration Takes Next Step To Advance Domestic Mineral Production](#)