Quarterly Newsletter Legislative Updates

Provided by South Puget Sound SHRM

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The following information about recent HR-related laws passed by the WA State Legislature is intended for informational purposes only. These abbreviated explanations should not be relied on for legal compliance; instead, check with your employment attorney and/or watch for more interpretation and guidance from employment law firms or enforcing agencies.

Washington's 2026 legislative session ended on March 12, 2026, with Governor Bob Ferguson signing multiple employment-related bills into law.

This newsletter provides a high-level summary of some of the key bills passed

Legislative Update 1: Washington State to Ban Non-Compete Agreements

Washington has enacted a sweeping new law—**Engrossed Substitute House Bill 1155**—signed by Governor Bob Ferguson, that will **ban nearly all non-compete agreements** for employees and independent contractors. The law takes effect **June 30, 2027**, and represents a major shift from the state's prior wage-based restrictions.

Washington State to Ban Non-Compete Agreements: What HR Needs to Know

Key Highlights

- **Broad Ban on Non-Competes:**
  Virtually all non-compete agreements will be **void and unenforceable**, regardless of employee compensation or when the agreement was signed. The law defines non-competes broadly, including clauses that restrict working for competitors or penalize employees for taking other jobs.

- **Applies Retroactively:**
  All existing non-competes become unenforceable as of the effective date—even those signed years ago.

- **Mandatory Notice Requirement:**
  By **October 1, 2027**, employers must notify current and former workers (with active agreements) **in writing** that their non-competes are void. Failure to do so may result in penalties.

Washington State to Ban Non-Compete Agreements: What HR Needs to Know

- **What's Still Allowed**
  Employers can still use:
  - **Non-solicitation agreements** (with limits, including an 18-month cap and only for relationships the employee developed)
  - **Confidentiality and trade secret protections**
  - **Non-competes tied to the sale of a business** (≥1% ownership interest)
  - Certain **franchise and education repayment agreements**

- **Enforcement Risks:**
  Violations can result in **$5,000 penalties per worker (or actual damages, if higher)** plus attorneys' fees. The law also allows enforcement by both workers and the state attorney general.

Washington State to Ban Non-Compete Agreements: What HR Should Do Now

What HR Should Do Now

- **Audit agreements:** Identify non-compete language in employment and contractor agreements
- **Shift strategy:** Strengthen compliant alternatives like confidentiality and narrowly tailored non-solicitation clauses
- **Prepare notifications:** Plan now for the October 2027 notice requirement
- **Update practices early:** Consider phasing out non-competes ahead of the effective date to reduce risk

Bottom line: Washington joins a small but growing group of states that have broadly prohibited employment non-competes. HR teams should begin transitioning now to compliant workforce protection strategies.

Legislative Update 2: Washington’s ESHB 2471: A Potential Shift in Private-Sector Labor Relations

Washington has passed Engrossed Substitute House Bill 2471 (ESHB 2471), a **contingent law** that could significantly reshape private-sector labor relations—but only if federal oversight changes.

When Would This Law Apply?

- The law is **not immediately in effect**. It would only be triggered if:
- Federal labor law no longer preempts state regulation, or
- The National Labor Relations Board declines or loses jurisdiction over certain employers or industries

If triggered, authority would shift to the Washington Public Employment Relations Commission (PERC), which would oversee private-sector labor relations in Washington.

ESHB 2471: The “Trigger” Labor Law

Key Highlights

- **State Oversight of Labor Relations:**
  PERC would take over core functions currently handled at the federal level, including union certification, unfair labor practice claims, and dispute resolution.
- **Faster Union Certification (Including “Card Check”):**
  Unions could be certified quickly—sometimes **without an election**—if a majority of employees sign authorization cards.
- **Mandatory Interest Arbitration:**
  If no agreement is reached within **6 months of bargaining**, unresolved issues go to **binding arbitration**, where a third party can impose contract terms.
- **Continuation of Existing Agreements:**
  Current collective bargaining agreements and terms would remain in place during any transition from federal to state oversight.
- **Limits on Employer Flexibility:**
  Employers would still be prohibited from making **unilateral changes** to wages, hours, or working conditions for represented employees—even after contracts expire.
- **Expanded Union Communication Protections:**
  The law strengthens protections around union communications, potentially limiting employer access to certain information during disputes.

ESHB 2471: The “Trigger” Labor Law

What HR Should Do Now

- **Monitor developments closely:** This law depends on federal changes or legal challenges
- **Assess labor readiness:** Understand how unionization and bargaining processes could shift under state control
- **Prepare for arbitration risk:** Mandatory arbitration could significantly impact bargaining strategy and outcomes

Bottom line: While not yet in effect, ESHB 2471 could represent a major shift toward **state-controlled labor relations** in Washington. HR teams should stay alert and plan for a more union-friendly regulatory environment if the law is triggered.

Legislative Update 3: Washington PFML Premium Shift (Effective June 11, 2026)

Under SSHB 2345, and subject to ESD implementation guidance, Washington is restructuring how Paid Family and Medical Leave (WPFML) premiums are split to align with federal tax guidance. **Employees will now pay 100% of medical leave premiums**, while **family leave premiums will be shared between employers and employees** (reversing the prior structure).

HR action: Update payroll systems and employee communications to reflect the new contribution breakdown.

Legislative Update 4: Washington PFML Premium Calculation Update (Effective January 1, 2028)

Under SSSB 5292, the state will revise how Paid Family and Medical Leave (WPFML) premium rates are calculated, requiring the Employment Security Department to **set rates annually based on actuarial analysis**. The total premium **remains capped at 1.20% of wages**.

HR action: Monitor annual rate updates and adjust payroll systems and budgeting forecasts accordingly.

Legislative Update 5: Pregnancy Accommodation Update (Effective January 1, 2027)

Under SSB 6014, Washington employers may not require medical certification before providing an accommodation related to a pregnancy-related lifting restriction exceeding 17 pounds. The law also **strengthens confidentiality protections**, ensuring employee identity and personal information are not publicly disclosed in complaints or investigations with L&I.

HR action: Update accommodation procedures and train managers to avoid requesting documentation in these situations.

Legislative Update 6: Washington WARN Act Update (Effective March 17, 2026)

Under ESB 6106, employers are **no longer required to include coworker names** in WARN notices to affected employees. However, notices to union representatives must now include **employees' home addresses (in addition to names)**. The law also **protects employee names and addresses from public disclosure** when submitted to the Employment Security Department.

HR action: Update WARN notice templates and ensure proper handling of employee data and confidentiality.

More to Come Next Time!

Resources for Further Information:

- Washington State Department of Labor & Industries (L&I)
- Washington State Legislature
- Employment Security Department
- SHRM
- Washington State Office of Financial Management
- Public Employment Relations Commission