Leveling the Playing Field? Lessons From Indiana's House Bill 1625 Proposal on Noncompete Agreements

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By Joey Wright on November 12, 2025

Although it did not advance through the 2025 legislative session, Indiana General Assembly's introduction of House Bill 1625 marks a noteworthy moment in Indiana's ongoing conversation around noncompete agreements.

The proposed bill, which would have prohibited virtually all noncompetes entered into after June 30, 2025, signals Indiana lawmakers are increasingly willing to reconsider the role restrictive covenants play in today's labor market.

For employers across all industries, the proposed bill serves as a reminder that the legal landscape surrounding noncompetes is evolving and future legislative effort could push Indiana closer to broader constraints. While it is not possible to predict if a similar bill will be introduced in the 2026 session, now is an ideal time for organizations to assess how prepared they are for a potential shift.

What HB 1625 Would Have Done

Introduced on January 21, 2025, and referred to the House Committee on Employment, Labor and Pensions, HB 1625 represents a broader attempt to eliminate noncompetes. In fact, this straightforward bill would have completely prohibited an individual or entity from entering into a noncompete agreement after June 30, 2025.

The text of the proposed bill, as introduced, defined a noncompete agreement as "any contract that restricts an employee's ability to work for a competitor or start a competing business." While the bill did not move out of committee, its language aligned with a growing national trend toward limiting or completely eliminating non-competes for many workers.

HB 1625 had a clear intent: enhance labor mobility and reduce barriers for employees seeking to change jobs or start new businesses. Other states that have implemented near total statutory bans, such as California, Minnesota, North Dakota, and Oklahoma, credit those restrictions with creating a more dynamic labor market with higher wages, greater economic opportunities for

workers, higher rates of entrepreneurship, and increased innovation. Further, federal agencies including the Federal Trade Commission and the National Labor Relations Board have pushed for similar limitations for much the same reasons.

Why a Failed House Bill Still Matters

The Indiana legislature's focus on restrictive covenants is not a new endeavor by any means. Over recent years, Indiana has gradually tightened restrictions on noncompete agreements, first in specific professions (e.g., physicians) and then more broadly. For instance, under Indiana's Senate Enrolled Act 475 (effective July 1, 2025), noncompetes entered by hospitals and physicians are banned in certain circumstances. It is common for major policy shifts to start small and fail to pass the first time they are introduced. HB 1625 is no different and its introduction alone offers several insights.

The proposal of HB 1625 signals that Indiana is paying attention to national trends and its legislators are willing to revisit noncompetes. This proposal did not emerge in a vacuum and Indiana has already demonstrated its willingness to curtail noncompete use in the health care sector and in relation to certain physicians. HB 1625 suggests a willingness to consider broader reform that reaches beyond one profession or industry.

Even though the bill stalled during the 2025 session, the question of whether noncompetes still serve Indiana's economy and labor market is unlikely to disappear. HB 1625 provides a preview of how future legislation could be structured and where the policy debate may be heading.

What Do Businesses Do Now?

For businesses, especially those that rely on restrictive covenants such as noncompetes to protect client relationships, proprietary information, and workforce stability, HB 1625 and any successors, are worth watching.

While no immediate changes are required, a proactive approach requires employers to evaluate the strength and necessity of existing protections. Employers should consider auditing current noncompete agreements and strengthening other restrictive covenants, including non-solicitations, confidentiality, and trade secret agreements, moving forward.

It is also advisable to revisit the organization's talent strategies because if mobility increases, recruitment, retention, and succession planning will become more important than contractual restrictions. Finally, employers should monitor upcoming legislative sessions for a likely reintroduction of the bill, potentially with revised language and/or new sponsors. Staying informed is critical in preventing any lapse in compliance.

HB 1625 should not be viewed as a failure, but rather as a warning shot. Whether similar proposals return next session, or whether narrower bills emerge first, noncompetes are clearly on the radar of Indiana's policymakers. Employers who take time now to evaluate their reliance on noncompetes will be better positioned should Indiana decide to join the growing number of states passing similar bans. So while no immediate action is required, HB 1625 is a reminder that change may be on the horizon. Being proactive today will prevent disruption tomorrow.

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