

Senator Ed Mayne proposes the following substitute bill:

EMPLOYEE NONCOMPETITION CONTRACTS

2005 GENERAL SESSION

STATE OF UTAH

Sponsor: Ed Mayne

LONG TITLE

General Description:

This bill modifies the Judicial Code to address employee noncompetition contracts.

Highlighted Provisions:

This bill:

- ▶ provides when noncompetition contracts are unenforceable.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

78-27-65, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **78-27-65** is enacted to read:

78-27-65. Employment related to noncompetition contracts.

A contract between an employer and an employee that restricts or prohibits the employee from competing with the employer after the employee no longer works for the employer may not be enforced if the employee's employment is terminated pursuant to a



26 reduction in force.

Fiscal Note
Bill Number SB0113s01

Employee Noncompetition Contracts

28-Feb-05

10:05 AM

State Impact

No fiscal impact.

Individual and Business Impact

In some cases, there could be a significant impact on an individual as a result of the provisions of this bill. The impact will vary from case to case and cannot be estimated.

Office of the Legislative Fiscal Analyst