

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	7 - 3 - 0
Yeas:	Cameron, Edwards C., Esquivel, Kennemer, Matthews, Thatcher, Schaufler
Nays:	Barton, Holvey, Witt
Exc.:	0
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	3/30, 4/10

WHAT THE MEASURE DOES: Reduces the minimum time from two weeks to 72 hours before an employee's first day of employment that an employer is required to notify in a written employment offer that an arbitration agreement is required as a condition of employment.

ISSUES DISCUSSED:

- Rationale behind the proposed timeframe requirement
- Differences between arbitration agreement and noncompetition agreement
- Overview of SB 248 (2007)
- Usage of noncompetition agreements for current employees
- How arbitration agreements and noncompetition agreements are written into employer policies

EFFECT OF COMMITTEE AMENDMENT: Restores current statutory timeframe of two weeks for an employer to provide notification in the written employment offer that a noncompetition agreement is required as a condition of employment.

BACKGROUND: One of the enacted provisions in SB 248 (2007) established that employment arbitration and noncompetition agreements are voidable unless the employer informs the employee of the agreement's requirements in a written employment offer received by the employee at least two weeks before the first day of employment, or the agreement is entered into upon a bona fide advancement of the employee.

Noncompetition agreements are increasingly being used as a means to protect sensitive information or protect the investment in key employees. Prior to the enactment of SB 248, noncompetition agreements were entered into either on the employee's initial employment or upon a promotion. Current statute requires an agreement to be entered into prior to accepting an employment offer.

HB 2903-A reduces the timeframe for notifying an employee about an arbitration agreement from two weeks to 72 hours before their first day on the job, but maintains the two week timeframe for noncompetition agreements.