

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass with Amendments to the A-Engrossed Measure (Printed B-Engrossed)

Vote: 5 - 0 - 0

Yeas: Bonamici, Dingfelder, Kruse, Whitsett, Prozanski

Nays: 0

Exc.: 0

Prepared By: Bill Taylor, Counsel

Meeting Dates: 5/10, 5/23, 6/1

WHAT THE MEASURE DOES: Reduces the minimum time from two weeks to 72 hours before the first day of employment that an employer can notify an employee, via a written employment offer, that an arbitration agreement is required as a condition of employment. Requires an acknowledgement written in bold face type signed by the employee that the employee has received and had an opportunity to read the arbitration agreement.

ISSUES DISCUSSED:

- Employee to be notified in writing that an arbitration agreement is required

EFFECT OF COMMITTEE AMENDMENT: Requires an acknowledgement that the employee has received and had an opportunity to read the arbitration agreement.

BACKGROUND: One of the provisions in Senate Bill 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. See ORS 36.620(5)(a).

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 Senate Bill 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.

House Bill 3450 B reduces the timeframe for notifying an employee about an arbitration agreement from two weeks to 72 hours before their first day on the job.