

SB 949 -1 STAFF MEASURE SUMMARY

Senate Committee On Human Services

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Meeting Dates: 3/27, 4/3, 4/5

WHAT THE MEASURE DOES:

Makes noncompetition agreements in employment agreements or contracts for home care workers voidable by the home care worker.

FISCAL: May Have Fiscal Impact, But No Statement Yet Issued

REVENUE: May Have Revenue Impact, But No Statement Yet Issued

ISSUES DISCUSSED:

- Current practice regarding noncompetition clauses for home care workers
- Necessity of clarifying law non-legal audiences
- Covenants and agreements as avenues for noncompetition clauses
- Applicability of noncompetition statutes to other types of workers
- Current law regarding noncompetition agreements and covenants

EFFECT OF AMENDMENT:

-1 Makes covenant to not solicit other employees or transact business with customers in employment agreement between employer and home care worker voidable.

FISCAL: No Revenue Impact

REVENUE: No Expenditure Impact

BACKGROUND:

Oregon law defines noncompetition agreements as an employment agreement or contract where an employee agrees that they will not compete with the employer in providing products, processes, or services like those offered by the employer after the termination of employment. Such agreements can be for a specified period (up to 18 months) or for a specified geographic area. Many noncompetition agreements are voidable in Oregon unless certain specified conditions are met. The voidability of noncompetition agreements does not apply to covenants to not solicit an employer's other employees or soliciting business from customers of the employer.

Senate Bill 949 makes explicit that noncompetition agreements between employers and home care workers are voidable by the home care worker and unenforceable by Oregon courts.