

SB 977 STAFF MEASURE SUMMARY

Senate Committee On Judiciary

Prepared By: Michael Lantz, LPRO Analyst

Meeting Dates: 4/12

WHAT THE MEASURE DOES:

Renders noncompetition agreements void except those prohibiting business-related contact between former employees and customers within six months of separation.

Minimal Expenditure Impact

No Revenue Impact

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

In Oregon, most noncompetition agreements are voidable and unenforceable. In order for an agreement to be valid, the employer must have a protectable interest and the employee must be engaged in administrative, executive, or professional work. *ORS 653.020*. Noncompetition agreements may not last more than 18 months, during which the employer is required to provide compensation.

Senate Bill 977 renders all noncompetition agreements void, except those lasting less than six months. Furthermore, the noncompetition agreement may only prohibit contact between a former employee and customers or clients for the purpose of providing similar products, processes or services. Under SB 977, employers still have the right to protect trade secrets or other proprietary information through a court-ordered injunction or other lawful means.