

HB 2992 A STAFF MEASURE SUMMARY

Carrier: Rep. Noble

House Committee On Business and Labor

Action Date: 04/03/19

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 11-0-0-0

Yeas: 11 - Barker, Barreto, Boles, Bonham, Boshart Davis, Bynum, Clem, Doherty, Evans, Fahey, Holvey

Fiscal: No fiscal impact

Revenue: No revenue impact

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Meeting Dates: 4/1, 4/3

WHAT THE MEASURE DOES:

Requires, as a condition to enforcing a noncompetition agreement, that employer provide terminated employee a signed, written copy of agreement within 30 days after termination. Applies to agreements entered into on or after the effective date.

ISSUES DISCUSSED:

- Possibility that employee loses agreement over course of employment
- Ability to comply hampered by not having agreement in writing

EFFECT OF AMENDMENT:

Increases from seven to 30 days the amount of time employer has to provide terminated employee with written copy of noncompetition agreement.

BACKGROUND:

A noncompetition agreement is a clause in an employment contract in which one party (usually the employee) agrees not to enter into a similar profession or trade against another party (usually the employer). Under current Oregon law, a noncompetition agreement may not exceed 18 months from the date of an employee's termination. The remainder of a term of a noncompetition agreement exceeding 18 months is voidable and may not be enforced by any Oregon court. A noncompetition agreement is not enforceable unless four requirements are met: 1) employer informs the employee in a written employment offer received at least two weeks before employee's first day or the agreement is entered into upon a promotion; 2) the employee is engaged in administrative, executive, or professional level work; 3) the employer has a protectable interest; and 4) the employee's gross annual salary and commissions at the time of termination exceeds the median family income for a four-person family.

House Bill 2992-A requires the employer to provide a signed, written copy of the terms of the noncompetition agreement within 30 days after an employee is terminated. The requirement applies to noncompetition agreements entered into on or after the effective date of the measure.