

SENATE BILL REPORT

SB 6504

As Reported by Senate Committee On:
Labor, Commerce & Consumer Protection, February 2, 2012

Title: An act relating to noncompetition agreements for broadcasting industry employees.

Brief Description: Addressing noncompetition agreements for broadcasting industry employees.

Sponsors: Senators Keiser and Kohl-Welles.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 1/31/12, 2/02/12 [DP, DNP].

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Majority Report: Do pass.

Signed by Senators Kohl-Welles, Chair; Conway, Vice Chair; Keiser and Kline.

Minority Report: Do not pass.

Signed by Senators Holmquist Newbry, Ranking Minority Member; King, Assistant Ranking Minority Member; Hewitt.

Staff: Stephanie Christensen (786-7405)

Background: Generally, a noncompetition agreement restricts a former employee from competing against his or her former employer. To be enforceable, the agreement must not impose unreasonable restrictions on the employee and must be necessary for the protection of the employer's business.

Under current law, if a broadcasting industry employee, subject to an employee noncompetition agreement, is terminated without just cause or is laid off, the noncompetition agreement is void and unenforceable. This prohibition does not restrict the right of an employer to protect trade secrets or other proprietary information.

Summary of Bill: An employee noncompetition agreement is void and unenforceable beyond the expiration of the employment contract containing the noncompetition agreement when the employment relationship terminates due to the expiration of the employment contract.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Perceived ambiguity in the statute is being used to the disadvantage of laid-off employees who are trying to find work in the same industry. This makes clear that when a contract is over, the non-compete portion of the contract is over as well.

CON: This bill results in a loss of bargaining power to each party. Case law is clearly established as to what constitutes a reasonable noncompetition agreement in Washington. This is a fair way to conduct business in this industry.

Persons Testifying: PRO: Senator Keiser, prime sponsor; Brad Anderson, American Federation of Television & Radio Artists.

CON: Mark Allen, WA State Assn. of Broadcasters; Jim Clayton, KOMO-TV, Fisher Radio.