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**Labor & Workplace Standards  
Committee**

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**HB 2406**

**Brief Description:** Addressing employment noncompetition agreements.

**Sponsors:** Representatives Manweller, Sells, Stanford, Magendanz, Tarleton, Moscoso, Ormsby and S. Hunt.

**Brief Summary of Bill**

- Makes noncompetition agreements void and unenforceable for hair designers, cosmetologists, barbers, manicurists, estheticians, drywall applicators, musicians, and individuals who work in a fast-food establishment.

**Hearing Date:** 2/1/16

**Staff:** Joan Elgee (786-7106).

**Background:**

Washington disfavors restraints on trade. However, restraints on trade are permitted in some circumstances. A noncompetition agreement, one type of restraint, is an agreement between parties where one party promises not to compete with the other party for a specific period of time, and sometimes within a specified geographic area. Statutory law addresses noncompetition agreements only in the broadcasting industry.

Under the common law, Washington courts will enforce a noncompetition agreement if the agreement is reasonable. Whether an agreement is reasonable involves consideration of three factors:

1. whether the restraint is necessary for the protection of the business or goodwill of the employer;
2. whether the restraint imposes on the employee any greater restraint than is reasonably necessary to secure the employer's business or goodwill; and

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3. whether the degree of injury to the public is such loss of the service and skill of the employee as to warrant nonenforcement of the agreement.

In evaluating the reasonableness of an agreement, the courts examine the time and geographic scope of the restraint.

**Summary of Bill:**

Noncompetition agreements are void and unenforceable for certain workers. These are persons who work as hair designers, cosmetologists, barbers, manicurists, estheticians, drywall applicators, musicians, or in a fast-food establishment.

A noncompetition agreement is defined as an agreement between an employer and employee, or a company or person and their independent contractor, that is specifically designed to impede the ability of the individual to compete with the party imposing the agreement.

Definitions are also provided for "drywall applicator," "employee," "employer," "fast-food establishment," and "musician."

The provisions apply to agreements entered into on or after the effective date.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.