
SENATE BILL 6081

State of Washington

66th Legislature

2020 Regular Session

By Senators Liiias, King, Stanford, Becker, Keiser, Braun, Wellman, and Conway

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1 AN ACT Relating to the calculation of compensation of an employee
2 of a medical school and an affiliated faculty group practice for
3 purposes of a noncompetition agreement; and amending RCW 49.62.010.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 49.62.010 and 2019 c 299 s 2 are each amended to
6 read as follows:

7 The definitions in this section apply throughout this chapter
8 unless the context clearly requires otherwise.

9 (1) "Earnings" means the compensation reflected on box one of the
10 employee's United States internal revenue service form W-2 that is
11 paid to an employee over the prior year, or portion thereof for which
12 the employee was employed, annualized and calculated as of the
13 earlier of the date enforcement of the noncompetition covenant is
14 sought or the date of separation from employment. For employees who
15 receive compensation from both a medical school and an affiliated
16 faculty group practice, when such affiliation was initially
17 established prior to January 1, 2020, "earnings" include the combined
18 compensation from each entity. "Earnings" also means payments
19 reported on internal revenue service form 1099-MISC for independent
20 contractors.

1 (2) "Employee" and "employer" have the same meanings as in RCW
2 49.17.020.

3 (3) "Franchisor" and "franchisee" have the same meanings as in
4 RCW 19.100.010.

5 (4) "Noncompetition covenant" includes every written or oral
6 covenant, agreement, or contract by which an employee or independent
7 contractor is prohibited or restrained from engaging in a lawful
8 profession, trade, or business of any kind. A "noncompetition
9 covenant" does not include: (a) A nonsolicitation agreement; (b) a
10 confidentiality agreement; (c) a covenant prohibiting use or
11 disclosure of trade secrets or inventions; (d) a covenant entered
12 into by a person purchasing or selling the goodwill of a business or
13 otherwise acquiring or disposing of an ownership interest; or (e) a
14 covenant entered into by a franchisee when the franchise sale
15 complies with RCW 19.100.020(1).

16 (5) "Nonsolicitation agreement" means an agreement between an
17 employer and employee that prohibits solicitation by an employee,
18 upon termination of employment: (a) Of any employee of the employer
19 to leave the employer; or (b) of any customer of the employer to
20 cease or reduce the extent to which it is doing business with the
21 employer.

22 (6) "Party seeking enforcement" means the named plaintiff or
23 claimant in a proceeding to enforce a noncompetition covenant or the
24 defendant in an action for declaratory relief.

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