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**HOUSE BILL 1926**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Representatives Stanford, Sells, Bergquist, Reykdal, and Ormsby

AN ACT Relating to noncompetition agreements; adding new sections to chapter 49.44 RCW; creating a new section; and repealing RCW 49.44.190.

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

NEW SECTION. **Sec.**  Except as provided in sections 2 through 4 of this act, every contract by which a person is restrained from engaging in a lawful profession, trade, or business of any kind is to that extent void.

NEW SECTION. **Sec.**  (1) The following entities may agree with the buyer of a business to refrain from carrying on a similar business within a specified geographic area in which the business entity sold has been carried on, so long as the buyer, or any person deriving title to the goodwill or ownership interest from the buyer, carries on a like business:

(a) Any person who sells the goodwill of the business entity;

(b) Any owner of a business entity who sells or otherwise disposes of all of his or her ownership interest in the business entity;

(c) Any owner of the business entity that sells all or substantially all of its operating assets together with the goodwill of the business entity.

(2) For purposes of this section:

(a) "Business entity" means any corporation under Title 23B RCW, partnership under chapter 25.05 or 25.10 RCW, limited liability company under chapter 25.15 RCW, and includes a subsidiary or division of a business entity.

(b) "Owner" means any partner in the case of a partnership, any member in the case of a limited liability company, or any shareholder in the case of a corporation.

(c) "Ownership interest" means a partnership interest in the case of a partnership, a membership interest in the case of a limited liability company, or a capital stockholder in the case of a corporation.

NEW SECTION. **Sec.**  A partner under chapter 25.05 or 25.10 RCW may agree, upon dissolution of the partnership or disassociation of the partner from the partnership, that he or she will not carry on a similar business within a specified geographic area where the partnership agreement has been transacted so long as any other partner, or any person deriving title to the business or its goodwill from such other partner, carries on a like business.

NEW SECTION. **Sec.**  A member of a limited liability company under chapter 25.15 RCW may agree, upon or in anticipation of a dissolution of or the disassociation of his or her interest in the limited liability company, that he or she will not carry on a similar business within a specified geographic area where the limited liability company business has been transacted, so long as any other member of the limited liability company, or any person deriving title to the business or its goodwill from such other member, carries on a like business.

NEW SECTION. **Sec.**  RCW 49.44.190 (Noncompetition agreements for broadcasting industry employees—Restrictions—Trade secrets protected) and 2005 c 176 s 1 are each repealed.

NEW SECTION. **Sec.**  This act applies to agreements entered into on or after the effective date of this section.

NEW SECTION. **Sec.**  Sections 1 through 4 of this act are each added to chapter 49.44 RCW.

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