
SENATE BILL 5756

State of Washington

65th Legislature

2017 Regular Session

By Senators Pearson, Frockt, Hasegawa, and Hunt

Read first time 02/08/17. Referred to Committee on Commerce, Labor & Sports.

1 AN ACT Relating to noncompetition agreements; and adding a new
2 section to chapter 49.44 RCW; and creating a new section.

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

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 49.44
5 RCW to read as follows:

6 (1) A noncompetition agreement between an employer and an
7 employee is void and unenforceable if the employee's compensation,
8 excluding benefits, is less than:

9 (a) Fifty-five thousand dollars per year in 2017; and

10 (b) Beginning January 1, 2018, and each January 1st thereafter,
11 the amount provided in (a) of this subsection adjusted for inflation
12 as provided in subsection (3) of this section.

13 (2) If an employer enforces or attempts to enforce a void
14 noncompetition agreement, the employee may recover from the employer
15 the actual damages, together with statutory damages of five thousand
16 dollars and reasonable attorneys' fees.

17 (3) Beginning January 1, 2018, the amount provided in subsection
18 (1)(a) of this section shall be adjusted for inflation every year
19 based upon changes in the consumer price index during that time
20 period. As used in this subsection, "consumer price index" means the
21 consumer price index compiled by the bureau of labor statistics,

1 United States department of labor for the state of Washington. If the
2 bureau of labor statistics develops more than one consumer price
3 index for areas within the state, the index covering the greatest
4 number of people, covering areas exclusively within the boundaries of
5 the state, and including all items shall be used.

6 (4) For purposes of this section:

7 (a) "Employee" means an employee of an employer.

8 (b) "Employer" means any person, firm, corporation, partnership,
9 business trust, legal representative, or other entity that engages in
10 any business, industry, profession, or activity in this state and
11 employs one or more employees, and includes the state, counties,
12 cities, all municipal corporations, public corporations, political
13 subdivisions of the state, and charitable organizations.

14 (c) "Noncompetition agreement" means an agreement between: (i) An
15 employer and an employee that is specifically designed to impede the
16 ability of an employee to compete with the employer upon the
17 termination of the employment relationship; or (ii) a hiring entity
18 and an independent contractor that is specifically designed to impede
19 the ability of an independent contractor to compete with the hiring
20 entity upon termination of the relationship with the hiring entity.
21 "Noncompetition agreement" also means an agreement that restricts an
22 employee or independent contractor from performing: (A) Any work for
23 another employer or entity for a specified period of time; (B) any
24 work in a specified geographical area; or (C) work for another
25 employer or entity that is similar to such employee's or independent
26 contractor's work for the employer or entity included as a party to
27 the agreement.

28 NEW SECTION. **Sec. 2.** This act applies to agreements entered
29 into on or after the effective date of this section.

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