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SENATE BILL 6526

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State of Washington

65th Legislature

2018 Regular Session

By Senators Conway, Keiser, Hasegawa, Saldaña, and Kuderer

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

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) Except as provided under subsection (2) of this section, any  
7 contract that restrains a person from engaging in a lawful  
8 profession, trade, or business of any kind is against public policy  
9 and is void and unenforceable to the extent that it restrains a  
10 person from engaging in a lawful profession, trade, or business.

11 (2) The following persons may agree to refrain from carrying on a  
12 similar business within a specific geographic area:

13 (a)(i) A person who sells:

14 (A) All or substantially all of his or her operating assets of a  
15 business entity;

16 (B) All or substantially all of his or her operating assets of a  
17 division or a subsidiary of a business entity; or

18 (C) All of the ownership interest of any subsidiary of a business  
19 entity.

20 (ii) However, if the buyer does not operate a like business in  
21 the specified geographic area, the agreement is void.

1           (b) Any partner who disassociates from a partnership or who is a  
2 partner at the time the partnership is dissolved. However, if no  
3 other member of the partnership continues to operate a like business  
4 in the specified geographic area, the agreement is void.

5           (c) Any member whose interest in a limited liability company is  
6 terminated. However, if no other member of the limited liability  
7 company carries on a like business in the specified geographic area,  
8 the agreement is void.

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