

**SENATE BILL REPORT**

**SB 6091**

**AS OF JANUARY 24, 1992**

**Brief Description:** Defining historic motion picture theaters.

**SPONSORS:** Senators Talmadge and Williams

**SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS**

**Staff:** Rod McAulay (786-7754)

**Hearing Dates:** January 28, 1992

**BACKGROUND:**

When selling a business, the seller may condition the sale by restricting the opportunity of the buyer to compete. Under common law, for such a restraint on trade to be enforceable, it must be reasonable with respect to its duration and geographical scope. A five-year limitation in a sales contract which prohibits engaging in a certain type of business may be considered a reasonable duration.

**SUMMARY:**

In a contract for the sale of a motion picture theater which is listed on a register of historic places and was constructed primarily for the exhibition of motion picture films, no provision may prohibit the primary use of the theater for more than one year from the date of conveyance.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested