

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

SENATE BILL 139

By: Senator J. Boyd
By: Representative Gramlich

For An Act To Be Entitled

AN ACT TO CLARIFY THAT A COVENANT NOT TO COMPETE AGREEMENT IS UNENFORCEABLE FOR CERTAIN LICENSED MEDICAL PROFESSIONALS; AND FOR OTHER PURPOSES.

Subtitle

TO CLARIFY THAT A COVENANT NOT TO COMPETE AGREEMENT IS UNENFORCEABLE FOR CERTAIN LICENSED MEDICAL PROFESSIONALS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 4-75-101(h), concerning ancillary agreements and existing common law standards governing covenant not to compete agreements, is amended to read as follows:

(h)(1) This ~~subsection~~ section does not apply to a covenant not to compete agreement that is ancillary to other contractual relationships, including any type of agreement for the sale and purchase of a business, franchise agreement, and any other agreement not ancillary to an employment relationship or employment contract.

(2) Existing common law standards governing a covenant not to compete agreement outside the employment background shall remain in effect.

SECTION 2. Arkansas Code § 4-75-101(j), concerning the applicability of covenant not to compete agreements, is amended to read as follows:

(j) ~~This~~ Except as provided under subsection (k) of this section, this section shall not:

(1) Be read to impair, limit, or change a party's protections



and rights under the Arkansas Trade Secrets Act, § 4-75-601 et seq.; or

(2) Apply to a person holding a professional license under Arkansas Code Title 17, Subtitle 3.

SECTION 3. Arkansas Code § 4-75-101, concerning covenant not to compete agreements, is amended to add an additional subsection to read as follows:

(k)(1) A covenant not to compete agreement that restricts the right of a physician to practice within the physician's scope of practice is void.

(2) As used in subdivision (k)(1) of this section, "physician" means a person authorized or licensed to practice medicine under the Arkansas Medical Practices Act, § 17-95-201 et seq., § 17-95-301 et seq., and § 17-95-401 et seq., and a person authorized to practice osteopathy under § 17-91-101 et seq.

APPROVED: 3/4/25