

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
94th General Assembly
Regular Session, 2023

As Engrossed: H3/30/23
A Bill

HOUSE BILL 1130

By: Representative L. Johnson
By: *Senator Hill*

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 add an additional subdivision to read as follows:

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

(B) A covenant not to compete agreement or provision that restricts the right of an individual holding a professional license under Arkansas Code Title 17, Subtitle 3 to practice within the individual's scope of practice upon termination of the covenant not to compete agreement is void as to that restriction.

/s/L. Johnson