

HB 2787 -- RESTRICTIVE EMPLOYMENT AGREEMENTS
SPONSOR: Keathley

COMMITTEE ACTION: Voted "Do Pass" by the Special Committee on Small Business by a vote of 8 to 0.

This bill enacts the "Uniform Restrictive Employment Agreement Act".

In its main provisions the bill:

- (1) Defines terms;
- (2) Establishes rules of construction and applicability;
- (3) Prohibits restrictive employment agreements, except when a worker waives the 14 day notice or when the worker's pay rate is less than the annual mean wage of employees in Missouri;
- (4) Requires the Department of Labor and Industrial Relations to describe the notice and otherwise make the notice available;
- (5) Outlines conditions under which a restrictive employment agreement other than a confidentiality or training-repayment agreement is unenforceable;
- (6) Requires restrictive employment agreements to be reasonable;
- (7) Prescribes the conditions under which a noncompete agreement is allowable;
- (8) Specifies certain information in a confidentiality agreement that a worker may use and disclose and the conditions under which a no-business agreement, a nonsolicitation agreement, a no-recruit agreement, and a payment-for-competition agreement are allowable;
- (9) Describes remedies available in court; and
- (10) Establishes when a choice of law and a choice of venue are allowable.

The bill does not affect the validity of restrictive employment agreements in effect before August 28, 2024, but Sections 431.306 and 431.308, RSMo, do apply to restrictive employment agreements entered before, on, or after August 28, 2024.

PROPOSERS: Supporters say that this will put Missouri in line with what other states do for non-compete contract law. Current

non-compete law creates a geographic barrier which can drive our workforce out of the state. This bill helps fix that issue.

Testifying in person for the bill was Representative Keathley.

OPPONENTS: Those who oppose the bill say that this adds a new regulatory framework to existing non-compete law. Complying with these provisions could be very time consuming and expensive for businesses. Employers could lose a lot of trade secrets if we alter the current non-compete laws in this way.

Testifying in person against the bill were Michael Henderson, Missouri Insurance Coalition; Pediatrix Group; and the Missouri Chamber of Commerce.

OTHERS: Others testifying on the bill say non-compete agreements were created for higher compensated employees. The current majority of workers who sign a non-compete agreement are low paying jobs and should not be punished for trying to go to another similar job.

Testifying in person on the bill was Kari Bearman, Uniform Law Commission.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.