

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

As Engrossed: H3/30/23

A Bill

HOUSE BILL 1130

5 By: Representative L. Johnson
6 By: Senator Hill
7

For An Act To Be Entitled

9 AN ACT TO CLARIFY THAT A COVENANT NOT TO COMPETE
10 AGREEMENT IS UNENFORCEABLE FOR CERTAIN LICENSED
11 MEDICAL PROFESSIONALS; AND FOR OTHER PURPOSES.
12
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Subtitle

14 TO CLARIFY THAT A COVENANT NOT TO COMPETE
15 AGREEMENT IS UNENFORCEABLE FOR CERTAIN
16 LICENSED MEDICAL PROFESSIONALS.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code § 4-75-101(h), concerning ancillary
23 agreements and existing common law standards governing covenant not to
24 compete agreements, is amended to read as follows:

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

30 (2) Existing common law standards governing a covenant not to
31 compete agreement outside the employment background shall remain in effect.
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33 SECTION 2. Arkansas Code § 4-75-101(j), concerning the applicability
34 of covenant not to compete agreements, is amended to add an additional
35 subdivision to read as follows:

36 (j) This section shall not:



1 (1) Be read to impair, limit, or change a party's protections
2 and rights under the Arkansas Trade Secrets Act, § 4-75-601 et seq.; or

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

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

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11 /s/L. Johnson
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