

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

A Bill

HOUSE BILL 1130

5 By: Representative L. Johnson
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For An Act To Be Entitled

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

Subtitle

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

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

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

35 (j) This section shall not:

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



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

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

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

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