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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 506

02/11/2013 Authored by Atkins and Hausman

The bill was read for the first time and referred to the Committee on Labor, Workplace and Regulated Industries

1.1 A bill for an act
1.2 relating to commerce; regulating employment agreements; voiding certain
1.3 noncompete agreements; proposing coding for new law in Minnesota Statutes,
1.4 chapter 325D.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[325D.72] NONCOMPETE AGREEMENTS VOID.**

1.7 A contract that prohibits a party to that contract from exercising a lawful profession,
1.8 trade, or business is void with the following exceptions:

1.9 (1) a seller of a business' goodwill can agree to refrain from carrying on a similar
1.10 business in a specified county, city, or part of one of them if the buyer carries on a like
1.11 business in that area;

1.12 (2) partners dissolving a partnership can agree that one or more of them will not
1.13 carry on a similar business in a specified county, city, or part of one of them where the
1.14 partnership transacted business; and

1.15 (3) a member, when dissolving or terminating their interest in a limited liability
1.16 company, can agree that the member will not carry on a similar business in a specified
1.17 county, city, or part of one of them where the business has been transacted if another
1.18 member or someone taking title to the business carries on a like business in that area.

1.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.