

SB 957 STAFF MEASURE SUMMARY

Senate Committee On Judiciary

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Meeting Dates: 2/12

WHAT THE MEASURE DOES:

The measure makes a noncompetition void and unenforceable as between a business and a licensee of the Oregon Medical Board, except if the licensee provided direct patient care services and had at least a five percent ownership interest in the business, and the agreement would have otherwise been valid under Oregon law.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Noncompetition agreements between employers and employees prohibit the employee from competing with the employer in a specified geographic area, in providing products, processes, or services that are similar to those of the employer, after the employment has terminated. Oregon law sets out what is needed for a valid and enforceable agreement. The employer must meet certain notice requirements, and the employee must have been a salaried exempt employee making over a certain amount, unless the employer makes specified payments to an employee who is under the salary threshold. The restriction must not exceed one year in any case. The employer must also be able to meet protectable interest criteria, such as the employee having had access to trade secrets or other “competitively sensitive confidential business or professional information.” The noncompetition law does not prohibit bonus restriction agreements, non-solicitation agreements, or legal actions to protect trade secrets.

The Senate Interim Committee on Judiciary and House Interim Committee on Judiciary met on [May 30, 2024](#) and heard a presentation on noncompetition law and a then-proposed rule by the Federal Trade Commission. The committees also discussed reports of noncompetition agreements causing a scarcity of primary care physicians and medical specialists in some areas of Oregon.