The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Michelle Ridge.

DIGEST

SB 345 Engrossed 2020 Regular Session Johns

Present law provides that except as provided by law, every contract or agreement by which anyone is restrained from exercising a lawful profession, trade, or business of any kind shall be null and void.

Present law provides that upon or in anticipation of the dissolution of a partnership, the partnership and the partners may agree that none of the partners will carry on a similar business within a specific area and for a specified period of time.

Proposed law adds that the agreement can restrain the partners from engaging in a similar business within a specific area and for a specified period of time.

Present law provides that a franchise may enter into a contract that requires the franchisee to refrain from competing with certain persons or engaging in any other business similar to the franchise for a specified period of time.

Proposed law adds that the contract can restrain the franchisee from carrying on any other business similar to the franchise.

Present law allows a corporation, partnership, and a limited liability company to agree that its shareholders, partners, or members will refrain from carrying on or engaging in a business similar to that of the their business within a specific area and for a specified period of time after the date the shareholder, partner, or member's relationship with the business entity ends.

Present law provides that a person who becomes employed by a competing business, regardless of whether or not that person is an owner or equity interest holder of that competing business, may be deemed to be carrying on or engaging in a business similar to that of the party having a contractual right to prevent that person from competing.

Proposed law extends the application of present law to a corporation, partnership, limited liability, and franchise.

Effective August 1, 2020.

(Amends R.S. 23:921(D), (E), and (F)(1)(b) and (c))