

Bill Summary
1st Session of the 59th Legislature

Bill No.:	SB 697
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Author:	Sen. Treat
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Bill Analysis

SB 697 creates the Uniform Restrictive Employment Agreement Act. The measure regulates any agreement or part of another agreement between an employer and worker that prohibits, limits, or sets a condition on working other than for the employer after the work relationship ends or a sale of a business is consummated. The measure shall only supersede common law to the extent that it applies to a restrictive employment agreement and shall not affect any part of an agreement designed solely to transfer, perfect, or enforce a patent, copyright, trade secret, or similar right.

Restrictive agreements are prohibited by the measure unless the employer provides the prospective employee with a copy of the agreement 14 days prior to the prospective employee's employment. A copy of a restrictive agreement shall also be provided 14 days prior to an employee's promotion or change in job title. The agreement shall also specify the type of work activity, or extent of competition that the agreement prohibits, limits, or sets conditions on after the work relationship ends. The worker may request a copy of the agreement at any time. The worker may waive the 14-day requirement, provided, the worker may rescind the entire employment agreement not later than 14 days after receiving it.

The Department of Labor is directed to prescribe the notice provided to prospective employees. Restrictive agreements are also prohibited if the worker has a stated rate of pay less than the annual mean wage of employees in this state. If the worker resigns for good cause attributable to the employer or the employer terminates the employee for anything other than willful misconduct, the restrictive agreement shall be deemed unenforceable.

The measure also requires noncompete agreements to remain narrowly tailored to protecting legitimate business interests as outlined in the measure. Such agreements shall only be used if a restrictive employment agreement cannot protect the legitimate interests outlined in the measure. Such an agreement shall not exceed 5 years after the work relationship ends or 1 year if the agreement protects a trade secret or ongoing client or customer relationship. No-business agreements must only apply to a prospective or ongoing client or customer of the employer and last no more than 6 months after the work relationship between the employer and worker ends. A nonsolicitation agreement, no-recruit agreement, training-repayment agreement, and payment-for-competition agreement are also prohibited unless narrowly tailored to protect the interests outlined in the measure. No court may modify one of these agreements to make it enforceable. Current law regulating such agreements is repealed by the measure.

Repealers: 15 O.S. Sections [217](#), [218](#), [219](#), [219A](#), and [219B](#)

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