

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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SENATE BILL 566

Short Title: Limit Covenants Not To Compete.

(Public)

Sponsors: Senator Rucho.

Referred to: Judiciary I.

March 31, 2003

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE LIMITATIONS ON AGREEMENTS OR CONTRACTS
3 THAT LIMIT THE RIGHTS OF PERSONS TO DO BUSINESS OR OBTAIN
4 EMPLOYMENT IN THE STATE.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 75-4 reads as rewritten:

7 "**§ 75-4. ~~Contracts to be in writing.~~ Requirements and limitations of contracts**
8 **limiting rights of persons to do business or obtain employment.**

9 (a) No contract or agreement hereafter made, limiting the rights of any person to
10 do business or obtain employment anywhere in the State of North Carolina shall be
11 enforceable unless such agreement is in writing duly signed by the party who agrees not
12 to enter into any such business within such territory: Provided, nothing herein shall be
13 construed to legalize any contract or agreement not to enter into business in the State of
14 North Carolina, or at any point in the State of North Carolina, which contract is now
15 illegal, or which contract is made illegal by any other section of this Chapter.

16 (b) Any provision which is contained in a contract or an agreement that creates or
17 establishes the terms of employment for an employee or individual in the broadcasting
18 industry and which restricts the right of the employee or individual to obtain
19 employment in a specified geographic area for a specified period of time after
20 termination of employment of the employee (i) by the employer, (ii) by termination of
21 the employment relationship by mutual agreement of the employer and employee, or
22 (iii) by termination of the employment relationship by the expiration of the contract or
23 agreement shall be void and unenforceable. Any person who violates this subsection
24 shall be liable for reasonable attorneys' fees and costs associated with litigation of an
25 affected employee or individual. As used in this subsection, the term 'broadcasting
26 industry' includes television stations, television networks, radio stations, radio networks,
27 or any entities affiliated with the foregoing."

28 **SECTION 2.** This act becomes effective October 1, 2003, and applies to
29 contracts entered into on or after that date.