

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2326 Session of 2014

INTRODUCED BY DeLUCA, CALTAGIRONE, D. COSTA, MILLARD, THOMAS,
READSHAW, HARKINS, COHEN AND FRANKEL, JUNE 9, 2014

REFERRED TO COMMITTEE ON FINANCE, JUNE 9, 2014

AN ACT

1 Amending the act of November 26, 1997 (P.L.508, No.55), entitled
2 "An act providing for the tax exemption of institutions of
3 purely public charity; exempting real property owned by
4 State-related universities or Federal Government
5 instrumentalities from taxation; providing for unfair
6 competition; imposing penalties; and making repeals," further
7 providing for definitions and for criteria for institutions
8 of purely public charity.

9 The General Assembly of the Commonwealth of Pennsylvania

10 hereby enacts as follows:

11 Section 1. Section 3 of the act of November 26, 1997
12 (P.L.508, No.55), known as the Institutions of Purely Public
13 Charity Act, is amended by adding definitions to read:

14 Section 3. Definitions.

15 The following words and phrases when used in this act shall
16 have the meanings given to them in this section unless the
17 context clearly indicates otherwise:

18 * * *

19 "Restrictive covenant not to compete." An agreement between
20 an employer and an employee that is designed to impede the
21 ability of the employee to compete with the employer when a

1 separating event occurs.

2 "Separating event." An employee's discontinuance of
3 employment with a current employer and move to employment with a
4 different employer in the same field.

5 * * *

6 Section 2. Section 5(c) of the act is amended by adding a
7 paragraph to read:

8 Section 5. Criteria for institutions of purely public charity.

9 * * *

10 (c) Private profit motive.--The institution must operate
11 entirely free from private profit motive. Notwithstanding
12 whether the institution's revenues exceed its expenses, this
13 criterion is satisfied if the institution meets all of the
14 following:

15 * * *

16 (5) The institution shall not enter into a restrictive
17 covenant not to compete and the institution shall not attempt
18 to enforce a restrictive covenant not to compete.

19 * * *

20 Section 3. This act shall take effect in 60 days.