

CONTRACT AMENDMENTS

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Mike Schultz

Senate Sponsor: Daniel Hemmert

LONG TITLE

General Description:

This bill modifies provisions related to the enforceability of certain agreements.

Highlighted Provisions:

This bill:

- ▶ modifies the permissible duration of an employment contract that contains a post-employment restrictive covenant for a broadcasting employee; and
- ▶ limits the enforcement of an agreement or stipulation to confess judgment.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

34-51-201, as last amended by Laws of Utah 2018, Chapter 465

ENACTS:

78B-22-101, Utah Code Annotated 1953

78B-22-102, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **34-51-201** is amended to read:

34-51-201. Post-employment restrictive covenants.

(1) Except as provided in Subsection (2) and in addition to any requirements imposed

under common law, for a post-employment restrictive covenant entered into on or after May 10, 2016, an employer and an employee may not enter into a post-employment restrictive covenant for a period of more than one year from the day on which the employee is no longer employed by the employer. A post-employment restrictive covenant that violates this subsection is void.

(2) (a) Subject to Subsection (2)(b), a post-employment restrictive covenant between a broadcasting company and a broadcasting employee is valid only if:

(i) the broadcasting employee is an exempt broadcasting employee;

(ii) the post-employment restrictive covenant is part of a written employment contract ~~[with a term of no more than four years]~~ of reasonable duration, based on industry standards, the position, the broadcasting employee's experience, geography, and the parties' unique circumstances; and

(iii) (A) the broadcasting company terminates the broadcasting employee for cause; or

(B) the broadcasting employee breaches the employment contract in a manner that results in the broadcasting employee no longer being employed by the broadcasting company.

(b) A post-employment restrictive covenant described in Subsection (2)(a) is enforceable for no longer than the earlier of:

(i) one year after the day on which the broadcasting employee is no longer employed by the broadcasting company; or

(ii) the day on which the original term of the employment contract containing the post-employment restrictive covenant ends.

(c) A post-employment restrictive covenant between a broadcasting company and a broadcasting employee that does not comply with this subsection is void.

Section 2. Section **78B-22-101** is enacted to read:

Part 22. Agreements to Confess Judgment

78B-22-101. Definitions.

Reserved

Section 3. Section **78B-22-102** is enacted to read:

58 **78B-22-102. Certain agreements to confess judgment void.**

59 An agreement or stipulation to confess judgment is void if the agreement or stipulation
60 is executed:

61 (1) on or after May 14, 2019; and

62 (2) before a default giving rise to an action in which the judgment under the agreement
63 or stipulation is to be confessed.