

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001

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SENATE BILL 640

Short Title: Limit Covenants Not to Compete.

(Public)

Sponsors: Senator Rucho.

Referred to: Judiciary II.

March 22, 2001

A BILL TO BE ENTITLED

AN ACT TO PROVIDE LIMITATIONS ON AGREEMENTS OR CONTRACTS  
THAT LIMIT THE RIGHTS OF PERSONS TO DO BUSINESS OR OBTAIN  
EMPLOYMENT IN THE STATE.

The General Assembly of North Carolina enacts:

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

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

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

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

1           **SECTION 2.** This act becomes effective October 1, 2001, and applies to  
2 contracts entered into on or after that date.