

Fifty-sixth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1267

Introduced by

Representative Keiser

1 A BILL for an Act to amend and reenact section 9-08-06 of the North Dakota Century Code,
2 relating to contract provisions restraining business.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 9-08-06 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **9-08-06. In restraint of business void - Exceptions - Remedies.** Every contract
7 entered after July 31, 1999, by which ~~anyone~~ any person is restrained from exercising a any
8 lawful profession, trade, or business ~~of any kind~~ is to that extent void, except the following
9 written contracts:

- 10 1. ~~One~~ A party who sells the goodwill of a business may agree with the ~~buyer~~
11 purchaser to refrain from carrying on a similar business within a specified county,
12 city, or ~~a part of either~~ geographical area not exceeding fifty miles
13 [80.47 kilometers] in radius, so long as the ~~buyer~~ purchaser or any person deriving
14 title to the goodwill ~~from him~~ carries on a like business ~~therein~~ in that county, city,
15 or area.
- 16 2. A party who sells shares of stock in a business may agree with the purchaser to
17 refrain from carrying on a similar business within a specified county, city, or
18 geographical area not exceeding fifty miles [80.47 kilometers] in radius so long as
19 the purchaser of the shares of stock or an entity owned by the purchaser of the
20 shares of stock carries on a business of the corporation in which the stock was
21 sold.
- 22 ~~2.~~ 3. Partners, upon or in anticipation of a dissolution of the partnership, may agree that
23 all or any number of ~~them~~ the partners will not carry on a similar business within
24 the same county, city, or geographical area not exceeding fifty miles

1 [80.47 kilometers] in radius where the partnership business ~~has been~~ was
2 transacted, or within a specified part thereof.

3 4. A partner who sells a partnership interest in a business may agree with the
4 purchaser to refrain from carrying on a similar business within a specified county,
5 city, or geographical area not exceeding fifty miles [80.47 kilometers] in radius so
6 long as the purchaser or an entity owned by the purchaser carries on a like
7 business of the partnership.

8 5. Members of a limited liability company, upon or in anticipation of a dissolution of
9 the limited liability company, may agree that all or any number of the members will
10 not carry on a similar business within the same county, city, or geographical area
11 not exceeding fifty miles [80.47 kilometers] in radius where the limited liability
12 company business was transacted.

13 6. A member who sells a limited liability company interest in a business may agree
14 with the purchaser to refrain from carrying on a similar business within the same
15 county, city, or geographical area not exceeding fifty miles [80.47 kilometers] in
16 radius so long as the purchaser or an entity owned by the purchaser carries on a
17 like business of the limited liability company.