

Legislative Analysis



BROADCASTING CONTRACTS

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House Bill 6695

Sponsor: Rep. Andy Meisner

Committee: Commerce

Complete to 12-8-08

A SUMMARY OF HOUSE BILL 6695 AS INTRODUCED 11-19-08

The bill would amend the Michigan Antitrust Reform Act (MCL 445.774a) to amend a section that addresses what restrictions employers may impose on the future employment of employees when they leave a firm. In some cases agreements or covenants can protect an employer's "reasonable competitive business interests" by prohibiting an employee from engaging in certain kinds of employment or lines of businesses after termination "if the agreement is reasonable as to its duration, geographical area, and the type of employment or line of business."

House Bill 6695 would apply to broadcasting industry personal service contracts. They would be considered unreasonable under the bill if they did either of the following:

- Required an employee or prospective employee to refrain from obtaining employment in a specified geographic area for a specified time following expiration of the contract or upon termination of employment without fault.
- Required the employee to agree to enter into a subsequent contract with an employer on the same terms and conditions as a prospective employer offers.

The bill would apply to contracts between an individual who is not primarily in sales or management and a legal entity that owns one or more television stations or networks or radio stations or networks. (It also applies to affiliates of such entities.)

The bill would apply prospectively; that is, to covenants and agreements entered into after the bill's effective date.

FISCAL IMPACT:

The bill would not appear to have a fiscal impact on state or local government.

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Fiscal Analyst: Mark Wolf

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