

House Resolution 1777

By: Representatives Coan of the 101st, Levitas of the 82nd, Cox of the 102nd, Peake of the 137th, Ehrhart of the 36th, and others

A RESOLUTION

1 Creating the House Study Committee on Restrictive Covenants in the Commercial Arena;
2 and for other purposes.

3 WHEREAS, Georgia has judicial precedent, based upon the constitutional doctrine of
4 restraint of trade, to strike down restrictive covenants imposed in the business arena as
5 illegal; and

6 WHEREAS, before certain innovations in technology in the marketplace transformed the
7 manner in which the world conducts business, it was perhaps reasonable to prohibit
8 restrictions on competition based on time and geography; and

9 WHEREAS, in the modern commercial atmosphere, however, many reasonable restrictive
10 covenants should now be considered as valid restraints of trade or commerce; and

11 WHEREAS, contracts that restrict or prohibit competition during or after the term of
12 employment, so long as such contracts are reasonable in time, area, and line of business,
13 should not be automatically struck down as unconstitutional in the rapidly changing
14 marketplace in Georgia; and

15 WHEREAS, since there has never been a legislative study of the issues related to restrictive
16 covenants and covenants not to compete in the commercial arena, there now exists a need for
17 such a study.

18 NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES that
19 there is created the House Study Committee on Restrictive Covenants in the Commercial
20 Arena to be composed of five members of the House of Representatives to be appointed by
21 the Speaker of the House of Representatives. The Speaker shall designate a member of the
22 committee as chairperson of the committee. The chairperson shall call all meetings of the
23 committee.

1 BE IT FURTHER RESOLVED that the committee shall undertake a study of the conditions,
2 needs, issues, and problems mentioned above or related thereto and recommend any action
3 or legislation which the committee deems necessary or appropriate. The committee may
4 conduct such meetings at such places and at such times as it may deem necessary or
5 convenient to enable it to exercise fully and effectively its powers, perform its duties, and
6 accomplish the objectives and purposes of this resolution. The members of the committee
7 shall receive the allowances provided for in Code Section 28-1-8 of the Official Code of
8 Georgia Annotated. The allowances authorized by this resolution shall not be received by
9 any member of the committee for more than five days unless additional days are authorized.
10 The funds necessary to carry out the provisions of this resolution shall come from the funds
11 appropriated to the House of Representatives. In the event the committee makes a report of
12 its findings and recommendations, with suggestions for proposed legislation, if any, such
13 report shall be made on or before December 31, 2008. The committee shall stand abolished
14 on December 31, 2008.