

SESSION OF 2025

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 241**

As Recommended by Senate Committee on  
Judiciary

**Brief\***

SB 241 would prohibit certain restrictive covenants from being considered a restraint of trade pursuant to the Kansas Restraint of Trade Act and would presume such covenants are enforceable.

The bill would require the court to modify a restrictive covenant if it is determined to be overbroad or not reasonably necessary to protect the business interest of the business seeking enforcement of the covenant, enforce the covenant as modified, and grant only the relief reasonably necessary to protect such interests.

***Written Covenants***

The bill would add provisions for the enforceability of certain written covenants in which one party agrees not to solicit, induce, persuade, encourage, direct, or otherwise interfere with another party. The bill would also add a provision for the enforceability of certain written Notice of Termination agreements. The standards for determining enforceability would differ based on the contents of the agreement.

***Owner Agrees Not to Solicit Employees***

Such written covenants between a business entity and an owner of the business entity would be enforceable if the

---

\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

covenant does not continue for more than four years following the owner's business relationship with the business entity.

*Owner Agrees Not to Solicit Business's Customers*

Such written covenants between a business entity and an owner of the business entity would be enforceable if the covenant is limited to material contact customers, as defined by the bill, and does not continue for more than four years following the end of the owner's business relationship with the business entity.

*Employee Agrees Not to Solicit Entity's Employees or Owners*

Such written covenants between a business entity and employee of the business entity would be enforceable if:

- The employer seeks to protect confidential or secret trade information or customer or supplier relationships, goodwill or loyalty; or
- The covenant does not continue for more than two years following employee's employment.

*Employee Agrees Not to Solicit Customers*

Such written covenants between a business entity and employee of the business entity would be enforceable if it is limited to material contact customers and does not continue for more than two years following the end of the employee's employment.

*Owner Agrees to Prior Notice of Termination*

Covenants in which an owner agrees to provide prior notice of owner's intent to terminate ownership in a business entity would be presumed enforceable.

## **Background**

The bill was introduced by the Senate Committee on Judiciary at the request of the Kansas Chamber.

### ***Senate Committee on Judiciary***

In the Senate Committee hearing, a representative of the Kansas Chamber provided **proponent** testimony, generally stating the bill would promote workforce stability and client relationships, and protect employees and owners from overly broad restrictive covenants.

No other testimony was provided.

## **Fiscal Information**

According to the fiscal note provided by the Division of the Budget on the bill, the Office of Judicial Administration states enactment of the bill would have a negligible fiscal effect on operations for the Judicial Branch.

Judiciary; restrictive covenants; restraint of trade