

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.