



AMERICAN COUNCIL OF ENGINEERING COMPANIES  
*of Ohio*

**Senate Judiciary Committee**  
**Senate Bill 11—Interested Party**  
**Written Only**  
**March 4, 2025**

Chairman Manning, Vice Chair Reynolds, Ranking Member Hicks-Hudson, and Members of the Committee. Thank you for the opportunity to provide testimony as an interested party regarding Senate Bill 11. This bill seeks to prohibit non-compete agreements that restrict individuals from engaging in lawful professions or businesses after leaving an employer. While we support the intent to enhance workforce mobility, we have significant concerns about the unintended consequences this legislation may have on professional services firms, particularly in the engineering industry.

The American Council of Engineering Companies of Ohio (ACEC Ohio) is a professional association representing approximately 150 engineering firms and employing over 9000 + employees statewide. The member companies provide a wide array of engineering and other professional services for all types of construction and environmental improvement projects. The engineering industry, as a whole, in Ohio contributes \$15 billion to the GDP.

We recognize and appreciate the need to balance employer protections with employee freedom. Senate Bill 11 aims to prevent non-compete agreements that broadly restrict employment opportunities and limit job mobility. However, it is critical to ensure that any changes to non-compete regulations do not inadvertently harm businesses that rely on these agreements for stability, investment protection, and long-term growth strategies.

Our first concern is with companies that have shareholders. ACEC Ohio has multiple engineering companies within our membership that have partners/shareholders and once achieved this is considered a significant career milestone. This achievement comes with certain responsibilities to other shareholders, including adherence to a shareholder agreement that contains a non-compete provision. This agreement serves as a critical mechanism that binds the firm together, protecting the financial interests of all partners who have invested in the company.

Key considerations include:

- Most of these companies do not require a non-compete agreement as a condition of employment.
- The non-compete agreements are strictly limited to shareholders who voluntarily and knowingly sign them to protect their investment and financial interests.
- No other staff are required to sign a non-compete.



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- The enactment of Senate Bill 11 in its current form would not only impact the shareholders in Ohio but also undermine shareholders in other states where companies operate.

Another major concern is the impact this bill would have on mergers and acquisitions (M&A) in the engineering industry. Engineering firms often grow through acquisitions, which involve purchasing another firm and integrating its employees, clients, and institutional knowledge. As part of these transactions, certain protections are required to ensure the value of the acquisition is maintained.

Key considerations include:

- When acquiring another firm, companies pay a significant sum to the selling owners with the expectation that they will work for a defined period, helping to transition client relationships and business knowledge.
- Alternatively, if the selling owners choose to retire, the acquisition terms ensure a smooth transfer of employees and clients.
- Without protections, nothing would prevent the former owners from immediately re-establishing a competing firm, effectively undermining the investment made by the acquiring company.

We urge the committee to consider exemptions for shareholders in privately owned firms and for business owners involved in M&A transactions. Engineering firms and other professional services organizations operate differently than the industries that non-compete bans often seek to address. A one-size-fits-all approach could have unintended consequences that weaken Ohio's professional services sector and economic competitiveness. We would be happy to work with the sponsors to craft language to address our concerns.

Thank you for your consideration of our concerns.

Respectfully,

A handwritten signature in blue ink that reads "Beth Easterday". The signature is written in a cursive, flowing style.

Beth Easterday, President

ACEC Ohio