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S.B. 11
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Sens. Blessing and DeMora

Kelly Bomba, Attorney

SUMMARY

- Prohibits certain noncompete agreements and employment agreements regarding venue and choice of law.
- Specifies that an agreement entered into, modified, or extended on or after the bill's effective date in violation of the bill is void.
- Allows a current or prospective worker to sue an employer that violates the bill.
- Allows a current or prospective worker to file a complaint alleging a violation of the bill with the Attorney General or the Director of Commerce.
- Requires the Attorney General or the Director to investigate those complaints.
- Allows the Attorney General to sue an employer on a complainant's behalf if the investigation reveals that the employer likely violated the bill.

DETAILED ANALYSIS

Prohibited agreements

Noncompete agreements

The bill prohibits an employer from doing any of the following with respect to specified noncompete agreements:

- Entering or attempting to enter such an agreement;
- Presenting such an agreement to a worker or prospective worker as a term of hire;
- Attempting to enforce such an agreement.

The prohibition above applies to an agreement that, in whole or in part, prohibits the worker from, penalizes the worker for, or functions to prevent the worker from seeking or

accepting work with a person, or operating a business, after the conclusion of the relationship between the employer and worker, including any of the following:

- An agreement that the worker will not work for another employer for a specified period of time, not work in a specified geographical area, or not work for another employer in a capacity similar to the worker's work for the employer;
- An agreement that requires the worker to pay for lost profits, lost goodwill, or liquidated damages because the worker terminates the work relationship;
- An agreement that imposes a fee or cost on a worker for terminating the work relationship, including a replacement hire fee, a retraining fee, reimbursement for immigration or visa-related costs, or bondage fee;
- An agreement that requires a worker who terminates the work relationship to reimburse the employer for an expense incurred by the employer during the relationship for training, orientation, evaluation, or other service intended to provide the worker with skills to perform the work or to improve performance.

An agreement, or part of an agreement, between an employer and worker that violates the bill's prohibition is void. The bill specifies that it does not do either of the following:

- Prevent a person or government agency from paying or forgiving a debt or from providing other benefits to a person after the person completes a specified time period of employment or work relationship with an employer or other entity;
- Limit or prohibit any loan repayment assistance program or loan forgiveness program provided by a government agency.¹

Agreements regarding venue and choice of law

The bill prohibits an employer from requiring, as a condition of employment, a worker who primarily resides and does business in Ohio to agree to a provision of an agreement that does either of the following:

- Requires the worker to adjudicate a claim arising in Ohio in a venue or forum that is outside of Ohio;
- Deprives the worker of any substantive legal protection provided by Ohio law with respect to a controversy arising in Ohio.

An agreement, or part of an agreement, between an employer and worker that violates that prohibition is void, and the bill requires that the matter be adjudicated in Ohio and that Ohio law govern the dispute.²

¹ R.C. 4119.02.

² R.C. 4119.03(A).

Exception

The bill's prohibition regarding venue and choice of law does not apply to an agreement between an employer and worker who is individually represented by legal counsel in negotiating the terms of the agreement and, at the option of the worker, designates either the venue or forum in which a controversy arising from the agreement may be adjudicated or the choice of law to be applied. A worker is not individually represented by legal counsel if the counsel is paid for by, or was selected based on the suggestion of, the employer.³

Remedies

Employee lawsuit

A current or prospective worker may sue an employer for a violation of the bill. In the event a worker or prospective worker wins, the bill requires the court to award costs and reasonable attorney's fees to the worker or prospective worker. A court also may award any of the following, as appropriate: actual damages; punitive damages not to exceed \$5,000; and injunctive relief.⁴

Attorney General complaint and lawsuit

A worker or prospective worker may file a complaint with the Attorney General alleging a violation of the bill. The Attorney General must investigate such a complaint. If, after investigating a complaint, the Attorney General determines that it is likely a violation has occurred, the Attorney General may sue the employer on behalf of the worker or prospective worker. In the event the Attorney General prevails, the court must award costs and reasonable attorney's fees to the Attorney General and any of the following to the worker or prospective worker as appropriate: actual damages, punitive damages not to exceed \$5,000, and injunctive relief. The bill requires the Attorney General to notify the Director of Commerce of any complaint submitted to the Attorney General that may constitute a violation of the bill.⁵

Director of Commerce complaint

Alternatively, the bill allows a worker or prospective worker to file a complaint with the Director alleging a violation of the bill. The Director must investigate those complaints. If, after investigating a complaint, the Director determines that it is likely a violation has occurred, the Director must forward the complaint and the results of investigation to the Attorney General. The bill allows the Attorney General to sue the employer on behalf of the worker or prospective worker as discussed above.⁶ The bill requires the Attorney General and the Director to enter into a written agreement coordinating their responsibilities with respect to the bill.⁷

³ R.C. 4119.03(B).

⁴ R.C. 4119.04(A).

⁵ R.C. 4119.04(B)(1).

⁶ R.C. 4119.04(B)(2).

⁷ R.C. 4119.04(C).

The bill specifies that it does not limit the rights of any person, or the obligations of any covered person, under any state or federal law that directly and specifically regulates the manner, content, or terms and conditions of any financial transaction, or any related account, product, or service, with respect to a consumer.⁸

Applicability

The bill applies to any worker who is hired or under contract to provide services for a person, including the following:

- An employee;
- An independent contractor;
- An extern;
- An intern;
- A volunteer;
- An apprentice;
- A sole proprietor who provides service to a client or customer;
- An individual who provides service through a business or nonprofit entity or association.

Under the bill, an “employer” is any person who hires or contracts with a worker to perform services for the person.⁹

The bill applies to agreements entered into, modified, or extended on or after the bill’s effective date.¹⁰

HISTORY

Action	Date
Introduced	01-22-25

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⁸ R.C. 4119.04(D).

⁹ R.C. 4119.01.

¹⁰ R.C. 4119.02 and 4119.03.