

State of South Dakota

SEVENTY-NINTH SESSION
LEGISLATIVE ASSEMBLY, 2004

283J0015

HOUSE BILL NO. 1260

Introduced by: Representatives Schafer, Hennies, LaRue, and Weems and Senators Kleven and Napoli

1 FOR AN ACT ENTITLED, An Act to nullify covenants not to compete in agreements involving
2 physicians.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. Any covenant not to compete, included in an employment, partnership, or
5 corporate agreement between or among physicians, that restricts the right of a physician to
6 practice medicine in a particular location or for a defined period of time, or both, upon the
7 termination of the agreement is void as a matter of public policy. However, any other provision
8 of the agreement, including an agreement that requires the payment of liquidated damages in
9 an amount that is reasonably related to the injury suffered by reason of termination of the
10 agreement, is enforceable. The payment of damages upon termination of the agreement may
11 include damages related to competition.

