



2026 South Dakota Legislature

House Bill 1180

Introduced by: **Representative** Mortenson

- 1 **An Act to ensure the validity of non-compete agreements in the context of jointly**
2 **owned business entities.**

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

4 **Section 1. That a NEW SECTION be added to chapter 53-9:**

5 In any governing document of a business entity, or as part of a contract for the
6 purchase, sale, or transfer of an ownership interest in the entity, the parties may agree
7 that an owner, after the transfer of the interest in the entity, may not engage, directly or
8 indirectly, in the same or similar type of business conducted by the entity during the
9 owner's period of ownership, within the specified geographic area in which the entity
10 conducts business, for a period not exceeding three years from the date of transfer.