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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 597 Session of  
2019

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INTRODUCED BY DeLUCA, HILL-EVANS, CALTAGIRONE, McNEILL, MILLARD,  
INNAMORATO AND BARRAR, MARCH 1, 2019

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REFERRED TO COMMITTEE ON FINANCE, MARCH 1, 2019

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AN ACT

1 Amending the act of November 26, 1997 (P.L.508, No.55), entitled  
2 "An act providing for the tax exemption of institutions of  
3 purely public charity; exempting real property owned by  
4 State-related universities or Federal Government  
5 instrumentalities from taxation; providing for unfair  
6 competition; imposing penalties; and making repeals," further  
7 providing for definitions and for criteria for institutions  
8 of purely public charity.

9 The General Assembly of the Commonwealth of Pennsylvania  
10 hereby enacts as follows:

11 Section 1. Section 3 of the act of November 26, 1997  
12 (P.L.508, No.55), known as the Institutions of Purely Public  
13 Charity Act, is amended by adding definitions to read:

14 Section 3. Definitions.

15 The following words and phrases when used in this act shall  
16 have the meanings given to them in this section unless the  
17 context clearly indicates otherwise:

18 \* \* \*

19 "Restrictive covenant not to compete." An agreement between  
20 an employer and an employee that is designed to impede the  
21 ability of the employee to compete with the employer when a

1 separating event occurs.

2 "Separating event." An employee's discontinuance of  
3 employment with a current employer and move to employment with a  
4 different employer in the same field.

5 \* \* \*

6 Section 2. Section 5(c) of the act is amended by adding a  
7 paragraph to read:

8 Section 5. Criteria for institutions of purely public charity.

9 \* \* \*

10 (c) Private profit motive.--The institution must operate  
11 entirely free from private profit motive. Notwithstanding  
12 whether the institution's revenues exceed its expenses, this  
13 criterion is satisfied if the institution meets all of the  
14 following:

15 \* \* \*

16 (5) The institution does not enter into a restrictive  
17 covenant not to compete, and the institution does not attempt  
18 to enforce a restrictive covenant not to compete.

19 \* \* \*

20 Section 3. This act shall take effect in 60 days.