ENGAGE PEO

Client Alert

Virginia Expands Restrictions on Non-Competes

WHAT'S NEW: On April 13, 2026, Virginia Governor, Abigail Spanberger, approved legislation to void non-compete agreements for employees who are discharged without severance or other compensation. As discussed here, Virginia imposed significant limitations on the use of non-competes in 2025. The 2026 law expands those restrictions even further. The new law will apply to all non-compete agreements entered into, amended or renewed on or after **July 1, 2026**.

WHAT IT MEANS: The new law will void non-competes for workers who are laid off without severance or other compensation. Important points under the new law:

- Non-compete agreements are not enforceable when an employer discharges the employee from employment without providing severance benefits or other monetary payment to such employee.
- The law applies to all involuntary terminations except for "for cause" terminations. "For cause" is not defined under the law.
- Any offer of severance or other monetary payment must be disclosed to the individual upon execution of the covenant not to compete. No minimum severance amount is identified in the statute.
- Employees are permitted to bring civil action against an employer that attempts to enforce a non-compete in violation of the law. Courts may void any non-compete as well as order payment of liquidated damages, lost compensation, actual damages, and reasonable attorney fees and costs.

WHAT EMPLOYERS SHOULD DO: While the law does not automatically invalidate non-compete provisions in contracts that were signed before July 1, 2026, employers should review all onboarding documents, policies and employment contracts to determine if any non-compete provisions are included. Employers should work with counsel to remove or amend any relevant provisions to ensure compliance with the new law prior to July 1, 2026.

If you have any questions, please contact your HR Business Partner/Consultant.