

## Client Alert

### Virginia Expands Prohibition on Non-Competes

**WHAT'S NEW:** Virginia Governor Glenn Youngkin has signed a new law expanding the ban on non-compete agreements for certain employees. The updated law takes effect July 1, 2025.

**WHY IT MATTERS:**

Since 2020, Virginia employers have been prohibited from using non-competes with “low-wage employees.” Currently, that includes employees earning less than **\$1,463.10 per week** (or **\$76,081.14 per year**)—the state’s average weekly wage for 2025.

**Starting July 1, 2025**, the law will expand to also cover **any employee eligible for overtime under the Fair Labor Standards Act (FLSA)**. This means most **non-exempt employees**, even those who earn more than the wage threshold, will be protected from non-compete agreements.

The change will not apply to any non-compete agreements signed before July 1, 2025.

Any employer who is found to have violated the non-compete restriction could be liable for liquidated damages, lost compensation, and reasonable attorney’s fees. Additionally, the Commissioner may assess a monetary penalty of up to \$10,000 per violation.

**WHAT EMPLOYERS SHOULD DO:**

Employers should audit their workforce to ensure that employees and positions are properly classified as either exempt or non-exempt. Employers should review their practices to ensure that non-competes will not be presented to non-exempt employees going forward.

Employers must also post a notice in a place where other employee notices are posted, making employees aware of the restrictions on non-compete agreements. Displaying a copy of the Virginia code is sufficient. The relevant section can be found here:

<https://law.lis.virginia.gov/vacode/title40.1/chapter3/section40.1-28.7:8/>

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