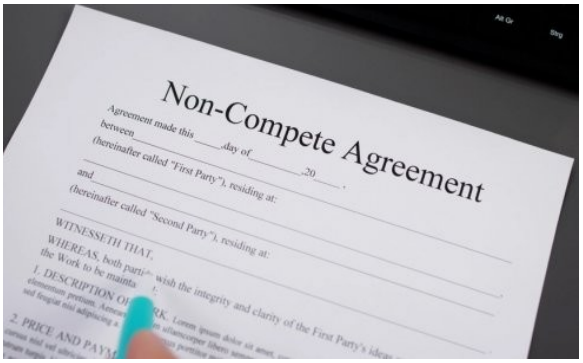
Virginia Expands Non-Compete Restrictions for Employers



May 27, 2025
By Jamie Eisner

Virginia Governor Glenn Youngkin has signed Senate Bill 1218 into law, amending the state's non-compete statute. Effective July 1, 2025, the updated law will broaden restrictions on non-compete agreements in Virginia.

Previously, the law only protected "low-wage employees," or those earning less than the average weekly wage in Virginia. Under the new amendment, employers will also be prohibited from entering into non-compete agreements with "non-exempt employees." These are workers who are entitled to overtime pay under the Fair Labor Standards Act.

Under the new amendment, all non-exempt employees – regardless of their income level – will be covered by the Commonwealth's prohibition on non-compete agreements. However, the amendment is not retroactive. Therefore, employers who have entered into non-compete agreements with non-exempt employees prior to July 1, 2025, will remain valid; any such agreements executed on or after July 1, 2025, will be prohibited by law.

Moving forward, employers will need to ensure accurate classification of workers as either exempt or non-exempt under federal standards to avoid liability under the new amendment. Employers should review their policies on non-competes, particularly as applied to offer letters, severance agreements, and employee handbooks to ensure compliance with the amendment.