

## Illinois Passes Law Banning Noncompete Agreements for Low Wage Workers

Article By:

Peter A. Steinmeyer

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**Illinois** recently became one of the first states to ban non-compete agreements for low wage workers when it passed the [Illinois Freedom to Work Act](#). The law, which takes effect on January 1, 2017 and applies to agreements signed after that date, bars non-compete agreements for workers who earn the greater of 1) the Federal, State, or local minimum wage or 2) \$13.00 an hour. At present, because the State minimum wage is below \$13.00 per hour, \$13.00 an hour is the operative figure in Illinois.

While Illinois is one of the first states to enact this type of blanket ban on non-competes based on the employee's salary status, in other states, including New Jersey and Maryland, legislation based on eligibility for unemployment compensation has been proposed. Moreover, as we have [previously blogged](#), the New York Attorney General has sought to prohibit companies from agreeing to non-competes with low wage workers. The White House has also weighed in on the issue of non-compete agreements for low wage workers, questioning whether they protect legitimate business interests or instead merely hamper labor mobility.

In sum, the political winds are clearly blowing against non-compete agreements for low-wage workers. Employers should be wary of attempting to secure stability in their low wage workforce through non-compete agreements and employers in Illinois should review and, if necessary, revise their employment agreements in light of this new law.

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