

# Illinois Enacts Legislation Prohibiting Non-Competes with Low-Wage Workers

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On August 19, 2016, Illinois Governor Bruce Rauner signed S.B. 3163 into law, creating the Illinois Freedom to Work Act. The new law ([Public Act 99-0860](#)) bars Illinois employers from entering into non-compete agreements with “low-wage employees.”

The law defines low-wage employees as those paid the greater of \$13 per hour or the minimum wage required by federal, state or local statute. A “covenant not to compete” is defined as an agreement: (1) that would bar the low-wage employee from performing: (A) any work for another employer for a specified period of time; (B) any work in a specified geographical area; or (C) work for another employer that is similar to such low-wage employee’s work for the employer included as a party to the agreement; and (2) that is entered into after January 1, 2017.

The Illinois Freedom to Work Act follows public concerns over non-compete terms imposed by a small number of fast-food companies.

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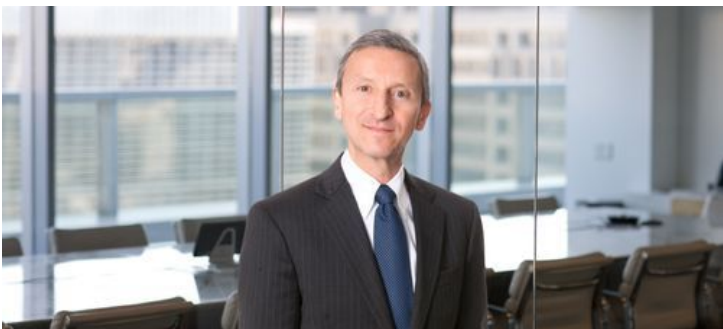
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