

Senate Study Bill 3023 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON LABOR AND BUSINESS
RELATIONS BILL BY
CHAIRPERSON SCHULTZ)

A BILL FOR

1 An Act prohibiting employers from entering into noncompete
2 agreements with low-wage employees.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 94.1 Definitions.

2 As used in this section, unless the context otherwise
3 requires:

4 1. "Employee" means a natural person who is employed in this
5 state for wages by an employer.

6 2. "Employer" means a person, as defined in chapter 4, who
7 in this state employs for wages an employee.

8 3. "Low-wage employee" means an employee who earns an hourly
9 wage that is less than or equal to two hundred percent of the
10 federal minimum wage.

11 4. "Noncompete agreement" means an agreement between an
12 employer and a low-wage employee that restricts the low-wage
13 employee from performing any of the following:

14 a. Work for a different employer for a specified period of
15 time.

16 b. Work in a specified geographical area.

17 c. Work for a different employer that is similar to the
18 low-wage employee's work for the employer who is a party to the
19 agreement.

20 Sec. 2. NEW SECTION. 94.2 Noncompete agreements with
21 low-wage employees prohibited.

22 1. An employer shall not require a low-wage employee to
23 enter into a noncompete agreement.

24 2. A noncompete agreement entered into between an employer
25 and a low-wage employee on or after the effective date of this
26 Act shall be void and unenforceable.

27 EXPLANATION

28 The inclusion of this explanation does not constitute agreement with
29 the explanation's substance by the members of the general assembly.

30 This bill prohibits an employer from requiring a low-wage
31 employee to enter into a noncompete agreement. The bill
32 provides that such agreements entered into between an employer
33 and a low-wage employee on or after the effective date of the
34 bill shall be void and unenforceable.

35 The bill defines a "low-wage employee" as an employee who

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1 earns an hourly wage that is less than or equal to 200 percent
2 of the federal minimum wage. The bill defines "noncompete
3 agreement" as an agreement between an employer and a low-wage
4 employee that restricts the low-wage employee from performing
5 work for a different employer for a specified period of time,
6 work in a specified geographical area, or work for a different
7 employer that is similar to the low-wage employee's work for
8 the employer who is a party to the agreement.