

U.S. Reps. Gallagher, Peters, Eshoo: Introduce bill to protect American workers against noncompete clauses

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WASHINGTON, D.C.- Rep. Mike Gallagher (R-WI), alongside Reps. Scott Peters (D-CA) and Anna Eshoo (D-CA), today introduced the bipartisan, bicameral Workforce Mobility Act, which protects American workers by prohibiting employers' ability to force employees to sign noncompete agreements except in certain cases. The bill's introduction follows the Federal Trade Commission (FTC) announcement proposing a new [rule](#) to prohibit enforcement of noncompete agreements nationwide.

Almost one in five American workers – 30 million people – are constrained by a non-compete agreement, which block workers from working for a competing employer or starting a competing business. Research indicates that workers trapped by non-competes have lower wages, and their restricted mobility makes it more difficult for businesses to recruit talent. In states where non-competes are enforced, young firms are more likely to die in their first three years compared to states where they are not enforced.

“Non-compete agreements restrict mobility in the workforce and hinder economic growth. While the FTC has proposed reforming these agreements, Congress must go further and permanently modify these burdensome regulations. It’s time for Congress to pass the bipartisan, common-sense Workforce Mobility Act to reform non-compete agreements and empower American workers,” said Rep. Gallagher.

“Since 2020, I have worked to limit the use of noncompete agreements that slow economic innovation and productivity,” said Rep. Peters. **“These agreements restrict workers, disrupt labor markets, and impede economic**

prosperity for Americans. By banning these agreements nationally like in California, we give the power back to the American worker and ultimately strengthen our economy's competitiveness."

"For over a century, Californians have been able to move freely in the job market without restrictive non-compete agreements standing in the way of entrepreneurship and market competition. Because of that, Silicon Valley has become a global powerhouse for innovation," said Rep. Eshoo. **"Unfortunately, nationwide, one in five Americans are constrained by non-compete agreements that trap them in low-paying positions and keep them from transitioning jobs. As we work to restore our economy, it's important that we empower American workers to freely pursue their careers."**

Senators Chris Murphy (D-Conn.) and Todd Young (R-Ind.) have introduced a companion bill in the U.S. Senate, joined by Senator Kevin Cramer (R-N.D.) and Senator Tim Kaine (D-Va.) as original co-sponsors.

"Restricting the use of non-compete agreements is necessary to ensure that hardworking Americans have the freedom to pursue the jobs they want in the professions they have chosen at the wages they deserve," said John Lettieri, President & CEO of the Economic Innovation Group. **"The bipartisan Workforce Mobility Act would restore healthy competition to the labor market and foster a more entrepreneurial and innovative economy to the benefit of all Americans. EIG applauds Senators Murphy and Young and Representatives Gallagher and Peters for their leadership on this urgently needed legislation."**

"We need to ensure that all US workers have the opportunity to earn a good life where they live. Work should be accessible, there should be dignity in it, and it should give everyone a shot at prosperity. We applaud the bipartisan, bicameral group of policymakers for coming together to narrow the use of non-compete agreements that helps to deliver on this promise," said Gabe Horwitz, Senior Vice President for the Economic Program, Third Way.

The Workforce Mobility Act would:

- Narrow the use of non-compete agreements for only necessary instances of a

- dissolution of a partnership or the sale of a business;
- Direct the Federal Trade Commission and the Department of Labor to enforce the law, as well as empower State Attorneys General to enforce at a state level, and provide a private right of action;
 - Require employers to make their employees aware of the limitation on non-competes, as studies have found that non-competes are often used even when they are illegal or unenforceable.; and
 - Require the Federal Trade Commission and the Department of Labor to submit a report to Congress on any enforcement actions taken.