

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

The fiscal impact arises from the bill's expansion of noncompete enforcement to all employees and the addition of a severance-based enforcement standard subject to civil penalties. The bill assigns DOLI responsibility for receiving complaints, conducting investigations, and administering civil penalties of \$10,000 per violation. These responsibilities create new enforcement workload beginning in FY 2027, as each case requires staff time for intake, review of employment agreements, evaluation of discharge circumstances, and documentation of findings. The agency indicates that it cannot absorb the additional workload, as current compliance staff are fully allocated to existing labor standards enforcement responsibilities.

Estimates provided by DOLI are based on Virginia labor market separation data indicating approximately 52,000 separations annually. The agency applied an assumed inquiry rate of ten percent, estimating approximately 5,200 constituent contacts, with two percent of those contacts, or approximately 104 cases, escalating to formal investigations. Based on this estimated caseload, DOLI indicates that up to two Compliance Officers may be required to investigate cases and support enforcement actions, along with one Program Specialist to manage intake, tracking, and constituent communications.

The bill may increase state revenues through expanded assessment of civil penalties for violations of § 40.1-28.7:8, Code of Virginia, including violations of the newly created severance-related prohibition. All civil penalties are deposited into the general fund. The magnitude of any revenue increase is indeterminate and dependent on enforcement activity and employer compliance rates.

Other: None.