February 4, 2026

What's New, What's Changing, and What's Next in New York Employment Law for 2026

Key Takeaways

- Minimum wage increased as of January 1 to $17.00 per hour in NYC, Long Island, and Westchester, and $16.00 per hour in the remainder of New York State.
- New York's Trapped at Work Act, which prohibits businesses from issuing promissory notes requiring workers to repay the cost of job-related training, took effect on December 23, 2025.
- The New York State Human Rights Law was amended to expressly codify disparate impact liability.
- The NYC Earned Safe and Sick Time Act is expanding as of February 22, 2026, to include 32 hours of unpaid leave and expanded qualifying reasons for leave.
- Effective April 18, 2026, employers may not use consumer credit history in connection with most employment decisions.
- Covered NYC employers await formal guidance and reporting forms to comply with the city's newly enacted pay data reporting requirements.

New York employers entering 2026 face a growing list of employment law changes that demand immediate attention. With several new requirements already in effect and others scheduled to roll out in the coming months, employers must stay ahead of evolving compliance obligations related to wages, leave, and workplace policies.

I. Changes Effective December 2025 and January 2026

1. Minimum Wage Increases (*Effective January 1, 2026*)

As of January 1, 2026, New York's latest minimum wage increases took effect statewide. The minimum wage is now $17.00 per hour in New York City, Long Island, and Westchester, and $16.00 per hour in the remainder of New York State.[1]

Alongside the minimum wage increases, New York raised the salary thresholds employees must meet to qualify for the executive and administrative exemptions under state law, also effective January 1. In New York City and Nassau, Suffolk, and Westchester counties, the weekly minimum salary for these exemptions is now $1,275.00 (approximately $66,300 annually), while in the remainder of the state it is $1,199.10 per week (approximately $62,350 annually).

Employers should audit their pay practices to ensure they are complying with minimum wage and minimum salary threshold requirements in 2026.

2. Trapped at Work Act Prohibits Repayment of Costs of Job-Related Training (*Effective December 23, 2025*)

On December 23, 2025, Governor Kathy Hochul signed into law New York's Trapped at Work Act, which generally prohibits businesses from issuing promissory notes to workers requiring the repayment of the cost of job-related training. The term

"workers" under the law is broad and includes employees, independent contractors, interns, volunteers, apprentices, and sole proprietors. While the law does not contain a private right of action for workers affected by prohibited promissory notes, workers are able to recover attorneys' fees if they are sued by a business to enforce such an agreement. The law also authorizes civil penalties ranging from $1,000 to $5,000 per violation. While the new law prohibits promissory notes requiring the repayment of the cost of job-related training, the law does not prohibit promissory notes for sums advanced to workers that are not used for training (e.g., the repayment of sign-on bonuses).

Since the enactment of the Trapped at Work Act, New York legislators have already introduced proposed amendments, through New York Assembly Bill A9452, aimed at clarifying certain provisions of the law and narrowing the law's scope, including refinements to what constitutes "training" costs and the types of agreements covered.

Employers should review existing training repayment, reimbursement, and promissory note agreements; pause enforcement of any provisions that may be prohibited by the Trapped at Work Act; and closely monitor proposed amendments that may further clarify certain provisions of the law or narrow the law's scope.

3. Disparate Impact Claims Added to NY Human Rights Law (Effective December 19, 2025)

The New York legislature has amended the New York State Human Rights Law to expressly codify disparate impact liability, formalizing the availability of such claims under state law. Under the amendment, a neutral employment policy or practice may be unlawful if it has a disproportionate adverse effect on a protected group, even absent discriminatory intent. Once such an impact is shown, the burden shifts to the employer to demonstrate that the practice is job-related and consistent with business necessity, and liability may still exist if a less discriminatory alternative is available. This change took effect as of December 19, 2025.

Employers should consider reviewing all policies (e.g., attendance and leave policies and job requirements) for potential disparate impact.

II. Changes Coming in 2026

1. Significant Expansion of NYC Safe and Sick Time Law (Effective February 22, 2026)

Significant amendments to the New York City Earned Safe and Sick Time Act (ESSTA) that will expand employee rights and employer obligations become effective on February 22, 2026.

Under the current ESSTA, the amount of safe and sick leave that covered employers are required to provide employees depends on the employers' size and, in some instances, the employers' net income. Employers with more than four but no more than 99 employees must provide employees with 40 hours of safe and sick leave per year, and employers with 100 or more employees must provide up to 56 hours of safe and sick leave per year. Employers with four or fewer employees must provide up to 40 hours of unpaid safe and sick leave if the employer's net income in the prior tax year was less than $1 million, up to 40 hours of paid safe and sick leave if the employer's net income was $1 million or more, and up to 40 hours of paid safe and sick leave to domestic workers regardless of the employer's income. Employees may use such leave for their own or a family member's illness or medical care; closure of a school or childcare provider due to a public health emergency; or to seek legal or social services if the employee or their family member is a victim of domestic violence, sexual assault, stalking, or human trafficking. The ESSTA amendments set to take effect in February expand the protections provided to employees under this law as set forth below.

Additional 32 Hours of Unpaid Leave

Covered employers will be required to provide 32 hours of unpaid safe and sick leave, which must be available immediately upon hire and again at the start of each calendar year. Employers do not need to permit employees to carry over any unused amount of the 32 hours of unpaid time to the following year. Employees may use this unpaid leave for any of the reasons covered under the ESSTA.

Additional Reasons for Leave

In addition to the reasons covered under the current ESSTA, under the amendments, employees will be able to use safe and sick leave for the following reasons:

- When the employee or the employee's family member is a victim of workplace violence;
- When the employee is a caregiver for a minor child or care recipient, to provide care to the minor child or care recipient;
- To care for a child whose school or childcare provider has been closed or has restricted in-person operations by order of a public official due to a public disaster; and
- To attend or prepare for a legal proceeding or hearing related to subsistence benefits or housing.

20 Hours of Paid Prenatal Leave

As amended, the ESSTA will entitle employees to 20 hours of paid prenatal leave during any 52-week calendar period, consistent with the New York State prenatal leave law that went into effect on January 1. We previously discussed the New York State prenatal leave law in our 2025 New York Employment Law Updates.

Temporary Schedule Change Act

The 2018 New York City Temporary Schedule Change Act (TSCA) requires employers to provide employees with up to two temporary schedule changes per year if the request for such a change is related to a qualifying "personal event." The personal events previously covered under the TSCA (such as caregiving for a minor child or attending legal proceedings for benefits) are now explicitly included as qualifying reasons for using safe or sick leave under the ESSTA. As a result, employers are no longer subject to a stand-alone obligation to grant temporary schedule changes under the TSCA and may instead satisfy their obligations by allowing employees to use available ESSTA leave or other applicable leave. Employees may still request temporary schedule changes and remain protected from retaliation for doing so, and employers must respond to such requests as soon as practicable.

These changes represent one of the most substantial expansions of leave rights in New York City in recent years and will require proactive compliance efforts throughout 2026. Employers should update their leave policies and handbooks, review timekeeping and leave-tracking systems, and train HR personnel and managers on the expanded ESSTA requirements before the February 22, 2026 effective date.

2. Statewide Ban on Credit Checks for Employment Decisions (Effective April 18, 2026)

New York has enacted legislation that will prohibit most employers from requesting or using job applicants' or employees' consumer credit history in connection with hiring, compensation, promotions, or other terms and conditions of employment, effective April 18, 2026. Background screening companies also may not provide credit history information for employment purposes unless an exemption applies. The law provides limited exemptions for, among others, employers that are required by law to conduct such checks, law enforcement positions, positions that require a certain security clearance, and nonclerical positions that have access to trade secrets, intelligence information, or national security information.

This ban applies statewide, expanding on an existing New York City law. Employers should review their background check and screening practices and update their policies to ensure that consumer credit information is no longer requested or used in employment decisions except where a statutory exemption clearly applies.

3. NYC Pay Data Reporting Requirements (Pending Formal Guidance and Forms)

New York City enacted new pay data reporting requirements on December 4, 2025, that will apply to employers with 200 or more employees working in the city. Once these requirements are implemented, covered employers must submit annual pay data reports that categorize employees by job type and pay range and include demographic information such as race and sex. The city will use this data to conduct pay equity analyses aimed at identifying potential disparities based on race and

gender. Although employers are not yet required to submit any data, reporting will begin after the city issues formal guidance and reporting forms and designates an agency to administer the program.

In the meantime, employers should begin reviewing job classifications, compensation practices, and demographic data to prepare for future reporting obligations and potential enforcement activity.

Next Steps

In light of the recent statutory and case law developments set forth above, employers should take this opportunity to:

- Review and update wage and hour practices;
- Assess pay transparency and equity compliance;
- Revise leave policies; and
- Evaluate hiring, training, and screening procedures.

Employers should be on the lookout for forthcoming guidance, amendments, and new developments that may unfold throughout the year. They should also consider consulting with counsel to assess compliance risks and develop strategies tailored to their workforce and operations.

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[1] Note that there are separate wage minimums for tipped service workers.

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