

New York Enacts New Employment Laws

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New York employers have new legal obligations as a result of several significant recently enacted employment laws. Below, we summarize these key developments and offer compliance action items for employers.

Employment promissory notes

Following [California's lead](#) on restricting so-called training repayment agreement provisions (TRAPs), or "stay or pay" provisions, New York's [A09452 \(Trapped at Work Act\)](#) prohibits employers from requiring employees to execute, as a condition of employment, an "employment promissory note," effective February 13, 2027. A09452 amended an earlier law enacted by Gov. Kathy Hochul in December 2025, under the condition that the legislature address and clarify certain ambiguities in the prior law.

Under the amended law, an employment promissory note is defined as "any instrument, agreement, or contract provision that requires an employee to pay the employer, or the employer's agent or assignee, a sum of money if the employee's employment relationship with a specific employer terminates before the passage of a stated period of time." Any prohibited note is null and void; however, if it appears within a broader agreement, the invalidity of the note does not affect the enforceability of the agreement's other provisions.

The broad ban on employment promissory notes specifically excludes agreements that require:

- Repayment for the cost of tuition and required educational materials for a transferable credential, as long as certain specified conditions are met, including that the repayment agreement is separate from the employment contract and the transferable credential is not a condition of employment.
- Payment for any employer property sold or leased to the employee, as long as the sale or lease was voluntary.
- Repayment of a "financial bonus, relocation assistance, or other non-educational incentives or other payment or benefit" that is not tied to specific job performance, unless the employee was terminated for any reason other than misconduct, or the duties or requirements of the job were misrepresented to the employee.
- Educational personnel comply with terms or conditions of their sabbatical leave.
- Obligations pursuant to a collective bargaining agreement.

While the law does not create an express private right of action, aggrieved individuals may file a complaint with the New York Labor Commissioner. Employers face civil penalties of \$1,000 to \$5,000 per violation. In assessing penalties, the labor commissioner must take into account factors such as the size of the employer's business, the employer's history of violations, the gravity of the violation and its good faith basis to believe it acted in compliance with the law. While the law as amended provides more clarity, many ambiguities remain, such as what is meant by the terms "misconduct" or "misrepresentation" of the job for purposes of the financial bonus exception, and whether the law is retroactive such that existing prohibited agreements cannot be enforced after the effective date.

Expanded safe and sick leave

Effective February 22, 2026, [NYC Int. 0780-2024](#) expands the city's sick and safe time leave law – now referred to by New York City's Department of Consumer and Worker Protection (DCWP) as "protected time" – to provide for a new 32 hours of unpaid leave to employees, which is immediately available to use at the beginning of each calendar year. This leave bank is in addition to the 40 or 56 hours already provided under the Earned Safe and Sick Time Act (ESSTA), depending on employer size. Employers are not required to carry over any unused time into the following calendar year. If an employee requests leave for an ESSTA-qualifying reason, the employer must first provide the paid leave, unless that time is exhausted or the employee specifically requests to use other leave in lieu of safe/sick time.

In addition, the law also expands the reasons for which ESSTA can be used, to include the following:

- **Public disaster:** For closings of the workplace, or an employee's need to care for a child whose school or childcare provider has been closed due to a "public disaster," which includes events such as fire, explosion, terrorist attack or severe weather conditions that are declared a public emergency or disaster by a public official. ESSTA may also be taken if a public official directs people to remain indoors or avoid travel during a public disaster that prevents an employee from reporting to their work location.
- **Caregiving responsibilities:** To provide care to a minor child or care recipient when the employee is a caregiver for such person.
- **Subsistence benefits/housing:** To initiate, attend or prepare for legal proceedings relating to subsistence benefits or housing, or take actions necessary to apply, maintain or restore subsistence benefits or shelter for themselves, a care recipient or a family member.
- **Workplace violence:** To seek legal or social services when an employee or family member has been a victim of workplace violence.

The law also formally incorporates DCWP's rules regarding the new paid prenatal leave into the ESSTA. As a reminder, beginning January 1, 2025, New York employers were required to provide employees with 20 hours of paid prenatal leave during any 52-week calendar period. The codification clarifies that violations of the prenatal leave law are subject to existing penalties under the ESSTA.

Finally, the law amends the city's Temporary Schedule Change Law, which formally required employers to grant an employee's request for a temporary change to the employee's work schedule up to two times a year. Now, employees may continue to request a temporary change to their work schedule, though employers are not required to agree to the requested change. Employers may also now propose an alternative temporary change, though the employee is not required to accept it.

Pay data reporting and pay equity study

With obligations likely beginning in 2028, New York City employers will be required to submit certain pay data to the city, which will then be required to conduct pay equity studies based on those submissions.

Under [Int. 0982-2024-A](#), employers with at least 200 employees must report pay data to a designated city agency modeled on the Equal Employment Opportunity Commission's [former EEO-1 Component 2](#) reporting requirements for reporting years 2017 and 2018. Under Component 2 reporting, employers were required to report the total number of full-time and part-time employees by demographic categories in each of 12 pay bands listed for each EEO-1 job category based on W-2 earnings. Employers were also required to report the number of hours worked in the last year by all employees accounted for in each of the pay bands. Reports must allow employers to include explanatory remarks.

Implementation will proceed in stages. First, by December 4, 2026, the mayor must designate the lead agency to oversee the pay reporting effort. Within a year of this designation, the agency must issue a standardized form to be used by employers to submit the pay report. Employers must file within one year after the form is published and annually thereafter. Employers also must submit a signed attestation by an authorized agent confirming the submission and its accuracy. The agency will publish an annual list of noncompliant employers after notice and a 30 day cure period. First offenses receive a written warning and 30 days to cure. Uncured violations incur a \$1,000 penalty, and subsequent offenses carry \$5,000 penalties.

Separately, under [Int. 0984-2024](#), within one year after employers first submit pay reports – and annually thereafter – the agency must conduct a pay equity study to assess whether compensation disparities exist by gender and race or ethnicity. The agency is required to deliver findings to the mayor, which include an analysis of data collected and recommendations "regarding employer action plans for addressing any disparities identified."

Other notable developments

In addition to the significant legislative changes discussed above, New York employers should note the following

other developments.

Disparate impact liability codified

Effective December 19, 2025, [S8338](#) amends the state's Human Rights Law to codify the disparate impact liability theory of discrimination. The amendment provides that an unlawful discriminatory practice may be established by a "practice's discriminatory effect, even if such practice was not motivated by a discriminatory intent." The amendment applies to all cases alleging employment discrimination occurring on or after December 19, 2025.

Consumer credit history ban

Effective April 18, 2026, [S3072](#) amends the state's General Business Law to prohibit employers and potential employers from requesting or using a job applicant or employee's consumer credit history (defined as an individual's credit worthiness, credit standing, credit capacity or payment history) for employment purposes, subject to certain exceptions. The amendment largely mirrors New York City's Stop Credit Discrimination in Employment Act, enacted in 2015. Employers are permitted to request and use credit history information where required by law or regulation and are not precluded from requesting or receiving consumer credit history information pursuant to a lawful subpoena, court order or law enforcement investigation.

Anti-retaliation protection

Effective December 5, 2025, [S3398](#), the Reasonable Accommodation Anti-Retaliation Act, amends the state's Human Rights Law to prohibit retaliation for requesting reasonable accommodations and was intended to align the state law with federal and city counterparts.

RAISE Act

Following [California's lead](#) with enactment of the Transparency in Frontier Artificial Intelligence Act, New York's [A6453A](#) enacts a similar AI safety law, the Responsible AI Safety and Education (RAISE) Act, effective January 1, 2027. Among other things, the RAISE Act requires large AI developers to create and publish information about their safety protocols and report critical safety incidents to the state within 72 hours. Large developers must inform employees of their rights and obligations under the law within 90 days of the effective date or upon becoming a large developer (whichever is later), at the start of employment and by posting a conspicuous workplace notice. Covered employees are also protected from retaliation for disclosing or threatening to disclose information or concerns about unreasonable or substantial risk of critical harm. In her approval memo, Hochul noted the law's "broad compliance obligations on large-scale models without adequate specificity" and announced an agreement with the legislature to provide further clarification, including standardized AI safety frameworks and critical incident reporting.

Next steps

New York employers should take the following steps to ensure compliance with the newly enacted laws, including:

- Assess and update any training repayment, bonus or retention agreements (including offer letters and any programs or policies governing employee retention and incentive benefits programs, tuition assistance and employee relocation programs) to ensure compliance with new restrictions on "employment promissory notes."
- Review and update all policies and handbooks for the expanded safe and sick leave law, including for the new bucket of 32 hours of unpaid sick/safe leave and expanded anti-retaliation protections. In addition, employers must distribute the updated policy to all new hires and current employees. Employers should also post and distribute the [updated ESSTA \(or protected time off\) workplace notice](#).
- Review pre-employment background check practices that use credit reports or consumer credit information to ensure compliance with S3072, and confirm whether any roles fall within the law's exceptions.
- Stay tuned for legislative updates to the RAISE Act and guidance regarding the city's new pay data reporting law.

Employers should also stay tuned for pending legislation that may gain traction in 2026. Key legislation to watch includes a [proposed ban on noncompete agreements](#), which passed the New York Senate. The bill currently

provides exceptions for highly compensated individuals earning more than \$500,000 per year and for noncompetes in the context of the sale of a business. Notably, New York City Mayor Zohran Mamdani pledged to ban all noncompete clauses, as well as “overbroad NDAs that restrict an employee from using their general skills, knowledge, and inventive ability.” In addition, the No Severance Ultimatums Act (S372A), which also passed the Senate, seeks to require a minimum 21-day review period and seven-day revocation period for severance agreements, similar to the statutory minimums under the federal Older Workers Benefit Protection Act, which applies only to employees aged 40 and over.

If you have questions about these laws or how to comply, please contact the Cooley employment team or one of the lawyers listed below.

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