NEW YORK EMPLOYMENT LAW UPDATE: 2026 BRINGS A WAVE OF NEW STATE AND LOCAL LAWS FOR NEW YORK EMPLOYERS

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US Labor, Employment, and Workplace Safety Alert

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New York state and New York City (NYC) continue to advance an extensive and evolving framework of workplace regulations. Several new statutory and regulatory developments will impact employers across industries in 2026. These changes reflect the ongoing focus on worker protections, workplace transparency, and compliance enforcement. This client alert highlights notable updates, outlines key obligations for employers, and identifies action items to help organizations prepare for the year ahead.

MINIMUM WAGE RATE INCREASES

New York's minimum wage increases to US$17.00/hour for employees in NYC, Long Island, and Westchester County, and to US$16.00/hour elsewhere in the state. Other adjustments include higher rates for overtime, tipped food-service workers' cash wages, overtime for tipped employees, and tip credits. Both the minimum wage and cash wage for tipped food-service workers have also increased in New York.

NYC, Long Island, and Westchester County	
	New Rate: Effective 1 Jan. 2026
Minimum Wage	US$17.00
Minimum Overtime Rate	US$25.50
Cash Wage to Tipped Food-Service Workers	US$11.35
Tip Credit for Food-Service Workers	US$5.65
Cash Wage to Service Employees	US$14.15
Tip Credit for Service Employees	US$2.85
Remainder of New York State	

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	New Rate: Effective 1 Jan. 2026
Minimum Wage	US$16.00
Minimum Overtime Rate	US$24.00
Cash Wage to Tipped Food-Service Workers	US$10.70
Tip Credit for Food-Service Workers	US$5.30
Cash Wage to Service Employees	US$13.30
Tip Credit for Service Employees	US$2.70

CHANGES TO THE EXEMPT SALARY THRESHOLD

Certain employees may be exempt from the minimum wage and overtime provisions under applicable law, subject to satisfying job duties and salary requirements. Common exemptions include executive, managerial, and administrative positions. In addition to satisfying requirements under the Fair Labor Standards Act (FLSA),[1] employees in New York must earn at least a specified minimum weekly salary to qualify as exempt.

Effective 1 January 2026, the salary threshold for exempt status increased as follows:

- For NYC, Long Island, and Westchester County, the weekly minimum increased from US$1,237.70 (US$64,350 per year) to US$1,275.50 (US$66,300 per year); and
- For the rest of New York state, the weekly minimum increased from US$1,161.65 (US$60,405.80 per year) to US$1,199.10 (US$62,353.20 per year).

Note that an employee's salary alone does not determine exemption from overtime, and employers must also meet a job-duties test under federal and state law. Exempt classification cannot be based only on weekly pay.

INCREASE TO THE UNIFORM ALLOWANCE

In New York, if employees are required to wear uniforms, employers must either maintain the uniforms or provide weekly Uniform Maintenance Pay[2] based on hours worked. A “required uniform” is work-specific clothing that cannot be worn outside of work, such as branded items, chef's coats, or aprons. Some employers, including those covered by the Farm Workers Minimum Wage Order[3] and certain nonprofits, are exempt from the Uniform Maintenance Pay regulations. Below are the updated 2026 weekly Uniform Maintenance Pay.

NYC, Long Island, and Westchester County	
	New Rate: Effective 1 Jan. 2026

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Workweek: More than 30 Hours	US$21.10
Workweek: 20–30 Hours	US$16.75
Workweek: 20 Hours or Fewer	US$10.10
Remainder of New York State	
	New Rate: Effective 1 Jan. 2026
Workweek: More than 30 Hours	US$19.85
Workweek: 20–30 Hours	US$15.80
Workweek: 20 Hours or Fewer	US$9.55

ANTIRETALIATION FOR ACCOMMODATION REQUESTS

Effective 5 December 2025, New York state now prohibits employers from retaliating against individuals who request a reasonable accommodation. Previously, employers were only barred from retaliating or discriminating against individuals who opposed practices prohibited under the New York State Human Rights Law § 296, or who filed a complaint, testified, or assisted in proceedings pursuant to that section. With this change, the New York State Human Rights Law now aligns with the federal Americans with Disabilities Act and NYC law, which also prohibit retaliation against persons requesting reasonable accommodations.

BAN ON CREDIT HISTORY IN EMPLOYMENT DECISIONS

Beginning 18 April 2026, New York state will prohibit employers from requesting or using an applicant's or employee's consumer credit history[4] for employment-related purposes, including decisions related to hiring, compensation, and other terms of employment unless exempted from coverage. Additionally, employers may not discriminate in hiring, pay, or other terms and conditions of employment based on that individual's consumer credit history.

Despite the new prohibition, reliance on consumer credit history remains permissible for New York employers in the following instances:

1. Employers required by law or regulations to use consumer credit history for employment;
2. Applicants or employees who are peace officers, police officers, or have law enforcement or investigative roles;
3. Positions subject to a background check by a state agency may utilize credit history for employment purposes only in roles where the commission has determined a high degree of public trust is required;
4. Employees required to be bonded by law;

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5. Employees needing security clearance under federal or state law;
6. Nonclerical staff with regular access to trade secrets, intelligence, or national security information;
7. Employees with signatory authority over third-party funds or assets of US$10,000 or more or having fiduciary responsibility to the employer with authority to enter financial agreements of US$10,000 or more; and
8. Roles with duties that allow the employee to modify digital-security systems protecting employer or client networks or databases.

As a result of this amendment, New York state law is now consistent with NYC law.[5] New York state exemptions largely mirror NYC's law, therefore NYC employers should continue to follow whichever law—state or city—provides more employee protection. Because NYC law is already strict, most local employers will see little change from the new state law.

TRAPPED AT WORK ACT (S4070)

Effective 19 December 2025, S4070 prohibited employers from requiring workers (including employees, contractors, or job applicants) to sign "stay or pay agreements"—also known as employment promissory notes[6]—as a condition of employment. In doing so, New York joins California in limiting the use of repayment agreements for employees.[7] These agreements, which are broadly defined by S4070, typically require workers to repay a specified amount to the employer (or their agent/assignee) if they voluntarily terminate their employment before completing a defined retention period. As enacted, S4070 also applies to any contract, instrument, or clause requiring workers to reimburse the employer for training costs provided by the employer or a third party (commonly referred to as training repayment agreement provisions).

S4070 does not extend to any agreement between an employee and employer that:

- Requires the employee to repay to the employer any sums advanced to such employee by the employer, unless such sums were used to pay for training related to the employee's employment with the employer;
- Requires the employee to pay the employer for any property it has sold or leased to such employee;
- Requires educational personnel to comply with any terms or conditions of sabbatical leaves granted by their employers; or
- Is entered into as part of a program agreed to by the employer and its employees' collective-bargaining representative.

While S4070 does not provide for a private right of action, employers who violate S4070 may face fines ranging from US$1,000 to US$5,000 per offense. Further, employees that successfully bring an action against their employer under S4070, may recover their lawyers' fees.

On 6 January 2026, the New York State Assembly proposed amendments to S4070 to address the scope of the law, delay the effective date, and provide clarity on its applicability to employment agreements. As S4070 is currently in effect, employers should review any agreements requiring repayment by an employee or contractor for compliance with the new law while also monitoring the pending amendments.

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EXPANDED EARNED SAFE AND SICK TIME ACT IN NYC

Effective 25 October 2025, NYC has amended its Expanded Earned Safe and Sick Time Act (ESSTA), broadening the scope of qualifying reasons for employees to utilize paid safe and sick time. Employers are now required to provide safe and sick leave for the following additional circumstances:

- Employees designated as "caregivers"[8] may use safe and sick time to care for a minor child or a "care recipient."[9]
- Employees may take leave to address situations involving workplace violence affecting themselves or their family members.
- In the event of a "public disaster,"[10] employees are entitled to take leave for:
  - Workplace closures;
  - Caring for a child whose school or childcare provider is closed or has restricted in-person operations; and
  - Compliance with directives from public officials to remain indoors or avoid travel.
- Employees may use leave to attend or prepare for legal proceedings, or to take necessary actions related to applying for, maintaining, or reinstating subsistence benefits or housing for themselves, a family member, or a care recipient.

INTRODUCTION OF 32 HOURS OF UNPAID SAFE AND SICK TIME

Additionally, under the latest ESSTA amendment, NYC employers must now provide employees with 32 hours of unpaid safe and sick time annually, that is available to eligible employees for immediate use. Previously, the NYC Temporary Schedule Change Act required employers to grant up to two temporary schedule changes per year for employees to use for attendance at personal events. These schedule changes are now incorporated into the unpaid safe- and sick-time requirement.

Employers may set a minimum-usage increment of up to four hours per day and must separately track and report both paid- and unpaid-time balances to comply with ESSTA's notice and recordkeeping obligations.

When requesting safe and sick time, employees must specify whether they are seeking paid or unpaid leave. If not specified, employers are required to assume the request is for available paid safe and sick time.

NYC TRANSPARENCY PAY-DATA REPORTING

Continuing its focus on wage transparency,[11] on 4 December 2025, the NYC Council passed two bills over then Mayor Eric Adams' veto—Int. 982-A and Int. 984-A—requiring large private employers to report pay data and establishing a city agency to analyze reported information. With the passage of these bills, NYC joins other jurisdictions that require employers to report wage and demographic data to a unit of government[12] in an effort to address pay disparities and promote wage transparency.

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Int. 982-A requires private employers with at least 200 employees in NYC to submit anonymous pay-data reports to a specified city agency, including details about employee demographics and work locations. Under Int. 984-A, a city agency—working with the New York City Commission on Gender Equity and other relevant agencies—must conduct a yearly study of pay equity among large private employers. This study will look for differences in pay based on gender, race, or ethnicity using the submitted data. Findings from the study must be reported to the mayor and council speaker, and the agency must also publish the information contained in the submitted employer reports.

The legislation became effective immediately; however, employers are not required to submit pay data reports until the designated city agency establishes the necessary reporting framework. The legislation outlines a phased implementation schedule:

- The mayor must appoint a responsible city agency by 4 December 2026.
- Upon designation, the agency is allotted up to 12 months to develop a standardized reporting format and submission procedures.

Employers will subsequently be required to begin reporting within 12 months following publication of the standardized form, with annual submissions required thereafter.

UPCOMING LEGISLATION

Ban on Noncompetes (S4641A):[13] This legislation proposes an amendment to New York Labor Law Section 191-d, which would prohibit the enforcement of most noncompete agreements. Exceptions would be permitted only for highly compensated individuals earning over US$500,000 annually and in cases involving the sale of a business. S4641A would grant covered individuals a private right of action. As the enforceability of restrictive covenants is primarily based on state law, New York employers should monitor this legislation to ensure compliance with postemployment obligations.

NEXT STEPS

Employers should carefully review their employment agreements, policies, and practices to ensure compliance with these new requirements. Our lawyers in the Labor, Employment, and Workplace Safety practice will continue to monitor for implementing rules, additional amendments, and other updates.

FOOTNOTES

[1] To be classified as exempt under the FLSA, employees must earn a weekly salary of at least US$684 (US$35,568 per year) and satisfy the job duties for a particular exemption.

[2] Where an employer fails to wash or maintain required uniforms for any employee, they shall pay such employee in addition to minimum wage, based on the number of hours worked, i.e., “Uniform Maintenance Pay.”

[3] The Farm Workers Minimum Wage Order provides that all workers, with certain exceptions, receive the Minimum Wage required per New York law. The Farm Workers Minimum Wage Order applies only to farm

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workers employed on farms where the total compensation paid all persons employed on the farm exceeded $3,000 in the previous calendar year.

[4] The term "consumer credit history" is defined as an individual's credit worthiness, credit standing, credit capacity, or payment history as indicated by: (1) a consumer credit report; (2) credit score; or (3) information an employer obtains directly from the individual regarding (a) details about credit accounts, including the individual's number of credit accounts, late or missed payments, charged-off debts, items in collections, credit limit, or prior credit-report inquiries, or (b) bankruptcies, judgments, or liens.

[5] NYC Admin. Code § 8-107(24).

[6] The term "employment promissory note" is defined as any instrument, agreement, or contract provision that requires a worker to pay the employer, or the employer's agent or assignee, a sum of money if the worker leaves such employment before the passage of a stated period of time. An "employment promissory note" also includes any such instrument, agreement, or contract provision that states such payment of moneys constitutes reimbursement for training provided to the worker by the employer or by a third party.

[7] *See* K&L Gates Legal Alert, The Essentials California Employment Law Update for 2026, Nov. 17, 2025, https://www.klgates.com/The-EssentialsCalifornia-Employment-Law-Update-for-2026-11-17-2025.

[8] "Caregiver" is defined as a person who provides direct and ongoing care for a minor child or a care recipient.

[9] Care recipient" is defined as a person with a disability, including a temporary disability, who (1) is the caregiver's family member or resides in the caregiver's household, and (2) relies on the caregiver for medical care or to meet the needs of daily living.

[10] "Public disaster" is defined as an event such as fire, explosion, terrorist attack, severe weather conditions, or other catastrophe that is declared a public emergency or disaster by the president of the United States, the governor of the state of New York, or the mayor of the city of New York.

[11] *See* K&L Gates Legal Alert, Help Wanted: What Employers Need to Know About Pay Transparency, Oct. 28, 2022, https://www.klgates.com/Help-Wanted-What-Employers-Need-to-Know-About-Pay-Transparency-Requirements-in-Job-Postings-10-28-2022.

[12] *See* K&L Gates Legal Alert, California Pay Transparency Act Considerations for Employers, Mar. 28, 2023, https://www.klgates.com/California-Pay-Transparency-Act-Considerations-for-Employers-3-28-2023; *See* K&L Gates Legal Alert, Illinois Employment Law Developments, Feb. 21, 2022, https://www.klgates.com/Illinois-Employment-Law-Developments-2-21-2022.

[13] S4641A has only passed the Senate and is pending before the Assembly.

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