

CLIENT ALERT

Recent Legal Changes Affecting New York Employers

Dear Clients and Friends:

To help you stay informed and compliant, we are highlighting several important employment and labor law updates that took effect this year.

Minimum Wage and Salary Threshold Increases

The new year brings new wage and salary requirements for New York employers. Effective January 1, 2026, New York's minimum wage is \$17.00 per hour in New York City, Nassau, Suffolk, and Westchester Counties, and \$16.00 per hour for the rest of the state.

The exempt salary weekly threshold has also increased. New York City, Long Island and Westchester County increases to \$1,275.50 (\$66,300.00 per year) and the rest of New York increases to \$1,199.10 (\$62,353.20) per year.

New rates are also in effect for the meal and uniform allowances. Employers should review their payroll practices to ensure compliance with all adjusted wage-related requirements.

Public Works Project Electronic Certified Payroll

The New York State Department of Labor announced in late December that contractors on covered projects must begin using the electronic certified payroll portal for their monthly submissions beginning January 1. Covered projects include public work projects,

privately owned prevailing wage projects, and various other related projects. Payrolls must be submitted at least every 30 days for the length of the covered project. Failing to submit a payroll on time may result in penalties of up to \$100 per day after a 14-day grace period. The law that was enacted in 2024 and the updated electronic portal are designed to increase wage and hour compliance in the construction industry. More information is available here:

<https://dol.ny.gov/news/new-york-state-department-labor-announces-new-electronic-certified-payroll-submission>.

"Trapped at Work Act" Requires Immediate Review of Employee Training and Education Agreements

The Trapped at Work Act, signed into law on December 19, 2025, took effect immediately and significantly impacts employer-paid training and education agreements. The Trapped at Work Act prohibits many types of common agreements that require an employee who has training paid for by an employer to repay that training if they leave before a stated period of time has passed.

The Act prohibits “employment promissory notes” which are 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 employee leaves employment before the passage of a stated period of time.” The law goes so far as to indicate such provisions are against public policy.

The Act contains certain exceptions to the prohibition. The following agreements are permissible:

- (a) Agreements requiring the worker to repay the employer for sums advanced to the worker, unless such sums were advanced to pay for training related to the employment.
- (b) Agreements requiring the worker to pay the employer for any property sold or leased to the worker.
- (c) Agreements requiring educational personnel to comply with the terms of sabbatical leaves.
- (d) Agreements entered into as part of a program agreed by the worker’s collective bargaining representative.

Violations of the law can subject the employer to fines of not less than \$1,000, but not more than \$5,000, for each violation. While the law is unclear about whether a worker may bring a private right of action, it clearly allows an employee to defend a claim by a former employer and to seek actual damages or \$5,000, injunctive relief, and attorneys’ fees.

While clarifications of the Act are expected either through the next legislative session or through Department of Labor interpretation and guidance, employers with tuition reimbursement agreements and on-site training agreements must act now to revise their practices in order to avoid running afoul of the law.

NYS Credit Check Limitations

Effective April 18, 2026, most employers will face significant restrictions on using an applicants or employees consumer credit history in decisions to hire, terminate, promote, demote, discipline, or compensate employees, or in setting the terms, conditions, or privileges of employment.

The law contains exceptions for the following:

- organizations required to conduct such background checks under federal or state law or by a “self-regulatory organization” such as a national securities exchange, registered securities association, or registered clearing agency.
- peace officers or police officers or other law enforcement officials.
- background investigations by a state agency (albeit with certain restrictions).
- positions required to be bonded.

- positions required to possess security clearances.
- non-clerical position having regular access to trade secrets, intelligence information or national security information as defined in the statute.
- persons in a position: (a) having signatory authority over third party funds or assets valued at ten thousand dollars or more; or (b) that involves a fiduciary responsibility to the employer with the authority to enter financial agreements valued at ten thousand dollars or more on behalf of the employer.
- persons in a position with regular duties that allow the employee to modify digital security systems established to prevent the unauthorized use of the employer's or client's networks or databases.

More information on this statute is expected prior to its effective date.

For each of these changes, your Hinman, Howard and Kattell attorneys are ready to assist with review of existing contracts, policies and procedures and to assist you with updating them.

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This information is not legal advice and may not be suitable for all client situations. This Client Alert provides general information and does not outline all of the important considerations related thereto.

This Client Alert is not a substitute for legal guidance regarding program details and how those may be applicable to your business. As always, if we can be of assistance with this topic or any other matters, please do not hesitate to contact your HH&K attorney.

LABOR AND EMPLOYMENT



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