2026 Labor & Employment Law Update

Congratulations on your continued dedication to workplace compliance. This update provides an overview of key updates in Labor and Employment Law, along with recent litigation highlights. While this information is valuable, we encourage employers to consult with their organization's legal counsel for tailored advice. Additionally, our expert HR Team is here to support you - feel free to reach out to us with any questions at 1-800-899-MMCI (6624).

California Employment Laws

California enacted new or amended existing state labor and employment laws throughout 2025. This Legal Update provides an overview of these new or amended laws, almost all of which take effect on **Jan. 1, 2026**. Specific labor and employment updates include the following topics:

State Minimum Wage Increase

California's statewide minimum wage will increase from $16.50 to **$16.90** on Jan. 1, 2026. Additionally, the minimum salary for full-time exempt employees will increase from $68,640 per year to **$70,304 per year**.

Unpaid Wage Judgment Enforcement (SB 261)

California enacted a new law that expands unpaid wage judgment enforcement by introducing triple penalties, mandatory attorney fees and broad prosecutorial authority for the labor commissioner's office. The new law expands unpaid wage judgment enforcement by implementing the following:

- Courts may impose a civil penalty of up to three times the outstanding unpaid wage judgment amount, including post-judgment interest, for work performed in California that remains unsatisfied 180 days after the appeal period has expired and no appeal is pending;
- Courts are required to award a prevailing plaintiff all reasonable attorney fees and costs in any action brought by a judgment creditor, the labor commissioner or a public prosecutor to enforce a final judgment arising from the nonpayment of wages, penalties and other amounts owed arising from work performed in California;
- Public prosecutors are authorized to pursue actions against employers based on their failure to satisfy wage theft judgments to complement and augment preexisting efforts to enforce wage theft judgments; and
- Successors to a judgment debtor may be jointly and severally liable for penalties assessed under the new law.

In any action brought to enforce an unpaid wage judgment or to otherwise induce compliance by or impose lawful consequences on a judgment debtor, the court will assess the entire amount of the requested penalty against the judgment debtor, except to the extent that the court finds the judgment debtor has demonstrated by clear and convincing evidence good cause to reduce the penalty amount.

Penalties assessed by a court will be distributed 50% to the employee and 50% to the Division of Labor Standards and Enforcement for enforcement and education. If there are multiple employees, the penalty will be shared proportionally according to the amount due to each employee in the judgment entered by the court.

The penalties assessed under the new law are in addition to any other penalties or fines permitted by law.

Pay Transparency (SB 642)

California amended its pay transparency law to clarify the pay scale that is to be included in job postings. Currently, California employers with 15 or more employees must include the pay scale for a position in all job postings. All employers must disclose the pay scale to employees and applicants upon request.

The amended law clarifies that the pay scale must be a **good-faith estimate** of the salary or hourly wage range the employer reasonably expects to pay for the position **upon hire**.

CEPA (SB 642)

California amended the CEPA to extend the statute of limitations, amend damages calculations and create new definitions. Among other provisions, the CEPA prohibits all employers in the state from discriminating in the payment of wages based on sex, race or ethnicity for substantially similar work.

Currently, individuals alleging violations of the CEPA must bring a civil action to recover wages within two years of the alleged violation or within three years for willful violations. Under the amended law, the statute of limitations is within **three years** of the alleged violation, regardless of whether it was willful.

The amended law clarifies that employees are entitled to obtain relief for the entire period in which a violation of the equal pay provisions exists, up to **six years**. The amendment further clarifies that a cause of action occurs when:

- An alleged unlawful compensation decision or other practice is adopted;
- An individual is subject to an alleged unlawful compensation decision or other practice; or
- An individual is affected by the application of an alleged unlawful compensation decision or other practice, including each time wages, benefits or other compensation are paid, resulting in whole or in part from the decision or practice.

The amended CEPA adopts the definition of "**sex**" used in the California Fair Employment and Housing Act (FEHA). Under the FEHA, sex includes but is not limited to pregnancy, childbirth, breastfeeding or related medical conditions, and gender (including gender identity and gender expression).

The amended CEPA also defines "**wages**" and "**wage rates**" to include all forms of pay, including but not limited to salary, overtime pay, bonuses, stock, stock options, profit-sharing and bonus plans, life insurance, vacation and holiday pay, cleaning or gasoline allowances, hotel accommodations, reimbursement for travel expenses, and benefits.

Pay Data Reporting (SB 464)

California amended the FEHA's pay data reporting requirements to modify storage requirements and impose mandatory penalties, effective **Jan. 1, 2026.** Private employers with **100 or more employees** (at least one of whom is in California and including workers hired through labor contractors) must submit an annual workforce pay data report with the California Civil Rights Department (CRD). The report must include the number of employees by race, ethnicity and sex in each of 10 job categories.

Effective **Jan. 1, 2026**:

- Employers and labor contractors must collect and store demographic data separately from personnel records; and
- A court must impose a penalty if the CRD requests a penalty be imposed on an employer for failure to file a pay data report. Previously, courts could, but were not required to, impose penalties. However, the penalty amounts ($100 per employee for the first failure and $200 per employee for each subsequent failure) remain the same.

CalWARN Act (SB 617)

California amended CalWARN to add additional content requirements for notices of mass layoffs, relocations or terminations. CalWARN requires employers that operate a covered establishment (a facility employing **75 or more employees** in the preceding 12 months) to provide at least 60 days' advance notice to affected employees and certain government parties of any mass layoff, relocation or termination of a covered establishment. The notice must include all of the elements required under the federal WARN Act.

Effective Jan. 1, 2026, CalWARN will require employers to provide the following information in addition to existing requirements in any required notices:

- An indication of whether the employer plans to coordinate services, such as a rapid response orientation, through the local workforce development board or a different entity, or does not plan to coordinate services;
- A functioning email and telephone number of the local workforce development board and the following description: "Local Workforce Development Boards and their partners help laid-off workers find new jobs. Visit an America's Job Center of California location near you. You can get help with your resume, practice interviewing, search for jobs and more. You can also learn about training programs to start a new career.";
- A description of CalFresh, the statewide food assistance program, the CalFresh benefits helpline and a link to the CalFresh internet website; and
- A functioning email and telephone number of the employer for contact.

Additionally, if the employer chooses to coordinate services with the local workforce development board or another entity, the employer must arrange services within **30 days** from the date of the notice.

TRAPs and Stay-or-Pay Provisions (AB 692)

California passed a bill to ban certain TRAPs and other stay-or-pay provisions in employment contracts. For contracts entered into on or after Jan. 1, 2026, employers will be prohibited from including in any employment contract or requiring, as a condition of employment, a contract term that does any of the following:

- Requires the worker to pay an employer, training provider or debt collector for a debt if the worker's employment or work relationship with a specific employer terminates;
- Authorizes the employer, training provider or debt collector to resume or initiate collection of or end forbearance on a debt if the worker's employment or work relationship with a specific employer terminates; or
- Imposes any penalty, fee or cost on a worker if the worker's employment or work relationship with a specific employer terminates.

The new law does not apply to contracts:

- Entered into under a loan repayment assistance or forgiveness program;
- Related to repayment of the cost of tuition for a transferable credential if:
  - It is offered separately from any employment contract;
  - The obtaining of the credential is not a condition of employment;
  - It specifies the repayment amount before the worker agrees to the contract, and such amount does not exceed the cost of the credential;
  - It provides for prorated repayment proportional to the total repayment amount and length of required employment period, and it does not require an accelerated payment schedule if the worker separates from employment; and
  - It requires repayment only if the worker resigns voluntarily or is terminated for misconduct;
- Related to enrollment in approved apprenticeship programs;
- For discretionary or unearned monetary payments (including financial bonuses) at the outset of employment that are not tied to job performance, if:
  - Repayment terms are set forth in a separate agreement;
  - The employee is notified of the right to consult an attorney and given at least five business days to do so;
  - Any repayment obligation for early separation is not subject to interest accrual and is prorated for the remainder of the retention period, up to two years from the receipt of payment;
  - The worker may defer payment to the end of the retention period without any repayment obligation; and
  - Repayment is only required if the employee voluntarily resigns or is terminated for misconduct; or
- Related to leasing, financing or purchasing residential property.

Employees alleging violations of the law may file a civil action to seek actual damages or a $5,000 penalty (whichever is greater), injunctive relief and attorney fees and costs.

Leave for Judicial Proceedings (AB 406)

California has amended the state's nondiscrimination laws to expand the laws' robust employee leave rights for victims. The amendments also added paid sick leave rights under the California Healthy Workplaces, Healthy Families Act for victims, jurors and witnesses.

California's Government Code already prohibits all employers from discharging or discriminating or retaliating against employees who take unpaid time off to serve as a juror or witness or to seek certain services as victims of qualifying acts of violence. Effective Jan. 1, 2026, the prohibition is expanded to protect employees who are victims of specific crimes (or whose family member is a victim) from taking time off to attend judicial proceedings related to those crimes. The judicial proceedings include, but are not limited to, delinquency proceedings, post-arrest release decisions, pleas, sentencings, postconviction release decisions or any proceeding where a right of the employee is an issue.

The new prohibition applies to victims (and family members) of serious or violent felonies, theft or embezzlement, or direct or threatened physical, psychological or financial harm as a result of the attempt or commission of the following: vehicular manslaughter while intoxicated, felony child abuse likely to produce great bodily harm or death, assault resulting in the death of a child under 8 years of age, felony domestic violence, felony physical abuse of an elder or dependent adult, felony stalking, solicitation for murder, a serious felony, hit-and-run causing death or injury, felony driving under the influence causing injury, and sexual assault.

Employees may use available vacation, personal leave, paid sick leave or comp time during the otherwise unpaid leave described above that takes effect Jan. 1, 2026.

Recordkeeping (SB 513)

Currently, California law gives current and former employees, or their representative, the right to inspect and receive a copy of personnel records maintained by the employer related to the employee's performance or to any grievance concerning the employee. Existing law requires the employer to make the contents of these personnel records available for inspection.

Under an amendment to the law, employers will be required to include in personnel records relating to the employee's performance the employee's education and training records. Such records must include:

- The name of the employee;
- The name of the training provider;
- The duration of the training;
- The core competencies of a training, including skills in equipment or software; and
- The resulting certification or qualification.

Immigration Rights Notice (SB 294) – *Effective Feb. 1, 2026*

California enacted the Workplace Know Your Rights Act (Act). Under the Act, by **Feb. 1, 2026**, and annually thereafter, employers must provide each current employee (and new employees upon hire) with a stand-alone written notice containing a description of the following workers' rights:

- The right to workers' compensation benefits, including disability pay and medical care for work-related injuries or illness, as well as the contact information for the Division of Workers' Compensation;
- The right to notice of inspection by immigration agencies;
- Protection against unfair immigration-related practices against a person exercising protected rights;
- The right to organize a union or engage in concerted activity in the workplace; and
- Constitutional rights when interacting with law enforcement at the workplace, including an employee's right to be free from unreasonable searches and seizures, to due process and against self-incrimination.

The labor commissioner will develop a template notice employers may use to comply with the new law, which will be posted on the labor commissioner's website on or before **Jan. 1, 2026**, and will post an updated template notice annually thereafter. Additionally, on or before July 1, 2026, the labor commissioner will develop a video for employees advising them of their rights under the areas listed in the required notice. The labor commissioner will also develop a video for employers advising them of their rights and requirements under the Act.

If requested by an employee, employers must notify the employee's designated emergency contact in the event the employee is arrested or detained at work. Employers must provide employees the opportunity to designate an emergency contact no later than March 30, 2026.

Employers must keep records of compliance with the Act's requirements for three years, including the date each written notice is provided or sent.

Employer Action Steps

In order to ensure compliance with these new laws, employers should review their updated legal requirements and existing employment policies, practices and procedures. Employers may also seek the advice of a knowledgeable legal professional for specific situations and counsel on how to implement required changes.

State Employment Laws

Arkansas

Annual Income Withholding Statement (SB 503)

Arkansas amended the state's Income Tax Withholding Act to require employers with 75 or more employees to file their annual income withholding statement electronically. Previously, employers with 125 or more employees were required to file annual income withholding statements electronically.

Colorado

Paid Family and Medical Leave Insurance Expanded for Parents of NICU Babies (SB 25-144)

Colorado amended its Paid Family and Medical Leave Insurance (FAMLI) Act to allow extra paid family and medical leave (PFML) for parents with a child in a neonatal intensive care unit (NICU). Currently, FAMLI limits eligible workers to the following amounts of combined paid family and medical leave:

- Twelve weeks annually; plus
- Four weeks for pregnancy or childbirth complications.

The amendment provides parents with a child receiving inpatient care in a NICU unit with 12 more weeks of leave, starting Jan. 1, 2026. Leave is available for the duration of the child's NICU stay.

The amendment also lowered the 2026 FAMLI contribution rate. The FAMLI program is funded by evenly split contributions from employees and employers with at least 10 employees. The Colorado Division of Family and Medical Leave Insurance sets the contribution rate at a percentage of employee wages up to the Social Security wage cap. The rate cannot exceed 1.2% of employee wages. Currently, the FAMLI contribution rate is 0.9% of employee wages; the amendment lowers that rate to 0.88% for the 2026 calendar year. Thereafter, the rate will be set by Sept. 1 for the following calendar year.

Connecticut

Expanded Paid Sick Leave (HB 5005)

Connecticut amended its paid sick leave (PSL) law in 2024 by phasing in coverage in stages, applying the leave mandate to successively smaller employers yearly until nearly all Connecticut workers are covered by 2027. In 2025, the law applied to employers with 25 or more employees in the state. Starting Jan. 1, 2026, the state's PSL will apply to employers with at least 11 employees.

Delaware

PFML (HB 128)

Delaware amended its PFML program. The changes primarily affect private plans and the coordination of benefits under the program, which is scheduled to begin providing benefits on Jan. 1, 2026. However, the amendments took effect upon the bill's passage on July 30, 2025. Under the PFML law, employers with fewer than 25 employees are only required to provide parental leave benefits. The amendments state that all the law's requirements will apply to private plan employers of this size that choose to offer the additional PFML coverage.

The amendments allowed employers with approved, self-insured private plans to begin collecting employee contributions on July 30, 2025. The amendments also clarify that employers with private plans are not required to provide claim documentation to the Delaware Department of Labor unless there is an appeal, complaint, audit or specific inquiry about the claim. The bill requires the department to accept private plan applications on a rolling basis, with effective dates of Jan. 1, April 1, July 1 or Oct. 1.

The amendments permit disability insurance benefits to be offset by PFML benefits according to the terms of the employer's disability insurance policy. Additionally, PFML is coordinated with other paid leave benefits in accordance with the terms of the policy or procedure governing the other benefits, with PFML serving as the primary payor. Additionally, the amendment struck a provision in the PFML law that allowed employers to require employees to use accrued paid leave (including vacation and sick leave) before using PFML. Under the amendments, the employer and employee may agree to use accrued paid time off to supplement PFML benefits.

Illinois

Artificial Intelligence Employment Law (HB 3773)

Illinois amended the Illinois Human Rights Act (IHRA) to prohibit employers from using artificial intelligence (AI) that results in discrimination based on an employee's protected class (e.g., age, race, sex, religion or disability) with respect to recruitment; hiring; promotion; renewal of employment; selection for training or apprenticeship; discharge; discipline; tenure; and the terms, privileges or conditions of employment. Under the law, **"AI"** means a machine-based system that, for explicit or implicit objectives, infers from the input it receives how to generate outputs such as predictions, content, recommendations or decisions that can influence physical or virtual environments (including generative AI). Employers must provide notice to employees that they are using AI for the purpose of making employment decisions. The law also bans AI that uses an individual's ZIP code as a proxy for their protected class.

Commuter Benefits Extended to Part-time Workers (HB 3094)

Illinois revised the state's Transportation Benefits Program Act to expand commuter benefits to cover part-time employees and provide an exemption for certain construction employers from having to provide the benefit. Starting on Jan. 1, 2024, the act has required employers in Cook County and other specified localities to allow employees to use pre-

tax dollars to purchase a transit pass via payroll deduction. Employers must exclude the cost of the transit pass from employees' taxable wages and compensation, up to the maximum amount permitted by federal tax law. The benefit must be offered to employees starting on their first full pay period after 120 days of employment. The law covers employers if they have at least 50 workers employed within 1 mile of fixed-route transit in Cook County or any of 37 specified townships. Currently, employees must work 35 hours per week to be eligible for the benefit. However, the amendments remove from the definition of "covered employee" the requirement that such employees work for at least 35 hours per week. The amendments also changed the law to provide an exemption for construction industry employers regarding their collectively bargained employees. "Construction industry" is defined broadly.

Criminal Background Investigation (HB 3439)

Illinois altered the Child Care Act to require that employees or volunteers of daycare centers, daycare homes or group daycare homes undergo a criminal background investigation every five years. The amendment also establishes a secure background check program, administered by the Illinois Department of Early Childhood, which allows daycare centers, daycare homes or group daycare homes to hire employees or volunteers on a probationary basis after receiving a qualified result.

Digital Voice and Likeness Protection Act (HB 3178)

Illinois amended the Digital Voice and Likeness Protection Act to make provisions in an agreement between an individual and any other person for the performance of personal or professional services unenforceable only as it relates to a new performance, fixed on or after Jan. 1, 2026, by a digital replica of an individual if specified conditions are satisfied. The amendments state that the failure to include a reasonably specific description of the intended uses of a digital replica will not render a provision in an agreement unenforceable when the uses of the digital replica are consistent with the terms of the contract for the performance of personal or professional services and the fundamental character of the photography or soundtrack as recorded or performed.

Organ Donor Leave for Part-time Employees (HB 1616)

Illinois revised the Employee Blood and Organ Donation Leave Act to extend organ donation leave to part-time employees. The act applies to employers in Illinois with 51 or more employees. Under the amendment, part-time employees must be compensated at their daily average rate, calculated based on the two months preceding leave.

Paid Lactation Breaks (SB 212)

Illinois amended the Illinois Nursing Mothers in the Workplace Act to require employers to compensate employees at their regular rate of compensation during lactation breaks. The act requires employers with five or more employees to provide reasonable unpaid break time each day to employees who need to express breast milk for their infant child for one year after the child's birth, unless doing so creates undue hardship for the employer. Under the act, break time may run concurrently with any break time already provided to the employee. Employers must also make reasonable efforts to provide a room or other location, other than a toilet stall, near the work area where employees can express milk in privacy. Employers cannot reduce an employee's compensation for the time spent expressing milk or nursing a baby. The amendment requires covered employers to compensate employees during the break time to express breast milk at the employee's regular rate of compensation unless doing so would create undue hardship, as defined by the IHRA. Additionally, employers cannot require employees to use paid leave during the break time or reduce the employee's compensation during the break time in any other manner.

Procedural Changes and New Penalties (SB 2487)

Illinois amended the IHRA to no longer require fact-finding conferences as part of the Illinois Department of Human Rights (IDHR) investigation process. Effective Jan. 1, 2026, fact-finding conferences will be voluntary. Parties wishing to

participate in a fact-finding conference must opt in within 90 days of filing a charge. Any request for a fact-finding conference must include the party's written agreement to a 120-day extension of the IDHR's deadline for its report.

The amendments also permit a hearing officer to recommend to the IDHR a separate civil penalty to vindicate the public interest, which is in addition to other penalties and remedies permitted under the IHRA. The hearing officer may recommend a civil penalty of:

- Up to $16,000 for the first civil rights violation;
- Up to $42,500 if the respondent has committed one civil rights violation within the last five years; or
- Up to $70,000 if the respondent has committed two or more civil rights violations within the last seven years. The amendments apply to all charges pending or filed on or after Jan. 1, 2026.

Protected Concerted Effort (HB 3638)

Illinois amended the Illinois Workplace Transparency Act to prohibit any contract or agreement that restricts employees or former employees from engaging in concerted activities to address work-related issues. The amendments also prohibit terms in employee settlement or other employment agreements that create conditions of employment or continued employment to shorten any applicable statute of limitations period, apply non-Illinois law to an Illinois employee's claim or require a venue outside of Illinois to adjudicate an Illinois employee's claim. In addition, employers may not include terms in a settlement or termination agreement that unilaterally state that the promise of confidentiality is the employee's preference. The amendments require that there be separately bargained-for consideration in exchange for confidentiality, which must be an amount that is distinct from any consideration provided in exchange for a release of claims. Further, employees may receive consequential damages in addition to attorney's fees and costs for challenging a contract that violates the act.

Unemployment Insurance (HB 3200)

Illinois revised the state's Unemployment Insurance Act to allow individuals with claims from Dec. 28, 2025, to Dec. 24, 2028, to receive unemployment insurance if they leave a job due to a mental health disability. The changes also allow the Illinois Department of Employment Security broader powers to recover unemployment insurance benefits for which recipients are ineligible.

Use of Employer-issued Devices (HB 1278)

Illinois amended the Illinois Victims' Economic Security and Safety Act to prohibit employers from taking adverse action against employees for using employer-issued equipment to record incidents of domestic, sexual, gender-based or other violence against themselves or family or household members. Employers may not deprive an employee of employer-issued equipment solely because the employee used or attempted to use the equipment to record incidents of domestic, sexual, gender-based or other violence. Employers must grant employees access to any photographs, voice or video recordings, sound recordings or any other digital documents or communications stored on an employer-issued device that relate to such incidents.

Maine

Minimum Wage for Agricultural Employees (LD 589)

Employers must pay employees performing agricultural labor the state minimum wage. Beginning Jan. 1, 2026, the minimum hourly wage for agricultural employees is $14.56 per hour. The law also requires employers to keep accurate records of the hours worked by agricultural employees for at least three years.

Under the law, employers are liable to an agricultural employee for the amount of any unpaid minimum hourly wages the employee is owed. Upon a judgment rendered in favor of an employee in any action brought to recover unpaid minimum hourly wages, the judgment must include, in addition to the unpaid minimum hourly wages, an additional amount equal to the unpaid minimum hourly wages as liquidated damages, as well as attorneys' fees and costs. Additionally, employers that violate the law are subject to a fine of not less than $50 and not more than $200. The Maine Department of Labor has exclusive authority to bring an action for unpaid wages on behalf of employees.

Minnesota

Earned Sick and Safe Time (SF 17)

As part of a budget measure passed in a special legislative session, Minnesota enacted changes to its earned sick and safe time (ESST) law, allowing employers to advance PSL to employees based on their anticipated work hours for the remainder of the year. However, if the advanced amount of leave falls short with respect to the number of hours the employee actually works, the employer must make up the difference with additional ESST.

Meal and Rest Breaks (SF 17)

Minnesota amended the state's meal and rest break laws to expand existing break requirements and impose penalties for noncompliance. Previously, employers were required to provide employees with "adequate time" to use the nearest convenient restroom for every four consecutive work hours. Additionally, employers were required to permit employees working eight or more consecutive hours "sufficient time" to eat a meal. The law did not specify a length of time employers had to provide employees for meal and rest breaks. The amendments require employers to provide employees with a rest break of at least 15 minutes or enough time to utilize the nearest convenient restroom, whichever is longer, for every four consecutive work hours. Employers must also allow employees working six or more consecutive hours an unpaid meal break of at least 30 minutes. The amendments also impose penalties on any employer that fails to provide a required meal or rest break. If an employer does not provide a required meal or rest break, they must compensate the employee at the employee's regular rate of pay for the missed break. Additionally, the employer is also liable for an equal amount in liquidated damages.

PFML (Minn. Rules Part 3317)

Minnesota's PFML program, entitled Paid Leave Minnesota, begins on Jan. 1, 2026. Virtually all Minnesota employers are covered by the new law, which provides up to 20 weeks of paid, job-protected family and medical leave for eligible employees. Employees are eligible for leave under the program if they have earned at least 5.3% of the statewide average annual wage in the past year and work in the state at least 50% of the year. The program covers both full- and part-time employees but not certain seasonal hospitality employees.

There are two main types of paid leave—medical and family—and individuals can take up to 12 weeks of each, but they are limited to a combined maximum of 20 weeks in a given benefit year. **"Medical leave"** is leave for the employee's serious health condition, including medical care related to pregnancy, childbirth and recovery. **"Family leave"** refers to leave for all other reasons permitted by the program, including:

- **Caring leave**—Caring for a family member with a serious health condition;
- **Safety leave**—Leave to respond to issues related to domestic violence, sexual assault or stalking of the employee or their family member;
- **Bonding leave**—Leave spent with the employee's biological, adopted or foster child in conjunction with the child's birth, adoption or placement within 12 months of that event; and
- **Military family leave**—Leave for a need arising out of a family member's active-duty military service or notice of

an impending call or order to active duty in the U.S. armed forces.

The program provides partial wage replacement to employees on leave, with employees receiving up to 90% of their wages, based on their income, with a maximum weekly amount set at the state's average weekly wage. Benefits are paid weekly. Funding for the program is split evenly between employers and employees, starting Jan. 1, 2026, with the first quarterly premium due from employers on April 30, 2026.

Employees on PFML are entitled to the continuation of their and their dependents' health coverage as if they were not on leave; however, they must continue to pay any employee share of the cost. Job restoration rights apply to workers who have been employed by their employer for 90 calendar days before taking leave. When they return from leave, employees are entitled to the same position they held when their leave began or an equivalent position with equivalent benefits, pay, and other terms and conditions of employment.
The Minnesota Department of Employment and Economic Development administers the program and has created a website with resources for employers.

Montana

Noncompete Agreements With Licensed Physicians (HB 620)

Employers are prohibited from entering into noncompete agreements with licensed physicians. However, this restriction does not apply to contracts to repay loans, relocation costs, signing bonuses, education expenses and tuition repayment expenses.

Nevada

Wildfire Smoke Air Quality Mitigation (SB 260)

Nevada enacted a law requiring certain employers to adopt and implement a communications system to mitigate outdoor employee exposure to poor air quality caused by wildfire smoke. Additionally, the Nevada Division of Industrial Relations (DIR) is required by this law to release regulations providing guidance on how to implement the program and standards for required training. The DIR was able to start developing its requirements following the law's enactment on June 11, 2025. The remainder of the law regarding employer implementation and enforcement of the communications system takes effect on Jan. 1, 2026.

Under the new law, each covered employer must establish a communications system, in accordance with the requirements adopted by regulation, that:

- Informs the employee when the air quality index (AQI) reaches 150 or higher during their shift and provides what protective measures are available to reduce the exposure. The information must be provided in terms that are understandable to all employees; and
- Allows employees to notify their employer when exposed to an AQI of 150 or higher and report any related symptoms, such as asthma attacks, breathing difficulty or chest pain.

The provisions of this law do not apply to any employer who:

- Is an operator of a mine;
- Employs commercial truck drivers;
- Is a provider of emergency services; or
- Has 10 or fewer employees.

New Hampshire

Military Spouse Leave (HB 225)

New Hampshire enacted a law that requires employers with at least 50 employees at the same New Hampshire location to provide unpaid, job-protected military spouse leave. The leave covers employees whose spouses are military service members who are involuntarily mobilized for up to one year and one day in support of war, national emergency or contingency operations.

Unpaid Childbirth-related Leave (HB 2)

As part of the state's budget bill, New Hampshire adopted a new parental leave law that requires employers with 20 or more employees to provide employees with up to 25 total hours of unpaid, job-protected leave to attend their own medical appointments for childbirth or postpartum care or their child's pediatric medical appointments within the first year of the child's birth or adoption. While leave is unpaid, employees can substitute any accrued vacation time or other appropriate paid leave during their leave. If both parents work for the same employer, they must share the 25 hours of leave in their child's first year between them. Employees must be reinstated to their original job upon returning from leave. Employees must provide reasonable notice to their employer before taking leave and make a reasonable effort to schedule the leave to avoid undue disruptions to the employer's operations. Employers may require documentation from employees to ensure the leave is being used for its intended purpose.

Veteran Hiring Preferences (HB 64)

New Hampshire revised its hiring preferences for military members law by expanding the definition of **"veteran"** for purposes of veteran hiring and employment preferences to include a veteran's spouse and any active-duty service member, regardless of the length of service.

North Carolina

Definition of Sex (HB 805)

North Carolina adopted a law that provides for purposes of any state administrative rules, regulations or public policies, **"sex"** means a person's biological sex, either male or female, at birth. Additionally, the law provides that an individual's self-declared gender identity will not be treated as legally or biologically equivalent to sex.

North Dakota

Wage Deductions (SB 2407)

North Dakota amended its income tax withholding requirements to prohibit employers from withholding or deducting tax from certain wage categories without consent.

Oregon

Expanded Wage Statement Requirements to Time of Hire (SB 906)

Oregon revised its rules regulating minimum wage, overtime and working conditions to require employers to provide all employees with a written explanation of earnings and deductions shown on itemized statements at the time of hire. Oregon law requires employers to provide employees (other than excluded employees) with written, itemized statements of earnings that include the following information:

- The date of the payment;
- The dates of work covered by the payment;
- The employee's name;
- The employer's name and business registry or identification number;
- The employer's address and telephone number;
- The rate(s) of pay;
- The basis on which employees are paid, whether by the hour, shift, day or week or on a salary, piece or commission basis;
- Gross wages;
- Net wages;
- The amount and purpose of each deduction made during the relevant period of service that the payment covers;
- Allowances, if any, claimed as part of minimum wage;
- The regular hourly rate(s) of pay, the overtime rate(s) of pay, the number of regular and overtime hours worked and pay for those hours; and
- Employees paid a piece rate must receive information on the applicable piece rate(s) of pay, the number of pieces completed at each piece rate and the total pay for each rate.

The amendment requires employers to provide all employees, at the time of hire, with a written explanation of earnings and deductions shown on the itemized statement. The explanation must include general information on the following:

- The employer's established regular pay period;
- A comprehensive list of all types of pay rates employees may be eligible for (including hourly pay, salary pay, shift differentials, piece-rate pay and commission-based pay), all benefit deductions and contributions, and every type of deduction that may apply;
- The purpose of the deductions that may be made during a regular pay period;
- Allowances, if any, claimed as part of minimum wage;
- Employer-provided benefits that may appear on the itemized statements as contributions and deductions; and
- All payroll codes used for pay rates and deductions, along with a detailed description or definition of each code.

This information must be sufficiently detailed to explain rates and deduction codes, but it does not need to be written in complete sentences. Employers may satisfy the written notice requirements by making the information available to employees in a location that is easily accessible to them, such as a website link, a physical document posted in a central location, a shared electronic file or delivery by email. Employers must review and update the required information by Jan. 1 of each year. Employers that fail to provide the required written explanation of wage statements at the time of hire may be assessed a $500 penalty. The Oregon Bureau of Labor and Industries developed a model written guidance document that employers may use and customize to satisfy the amendment's written explanation of earnings and deductions requirements.

Paid Leave Oregon (SB 858)

Oregon revised the Paid Leave Oregon program so that employees cannot receive family and medical leave insurance benefits while they are eligible to receive workers' compensation or unemployment benefits.

Sick Leave Use for Blood Donation (SB 1108)

Oregon amended its sick time law to permit eligible employees to use leave to donate blood through a voluntary program approved or accredited by the American Association of Blood Banks or the American Red Cross.

Unemployment Insurance for Striking Workers (SB 916)

Oregon enacted a new law that allows striking workers to be eligible for up to 10 weeks of unemployment benefits during a strike. Employees must wait one week before becoming eligible for unemployment benefits due to a strike. If employees receive back wages that result in overpayment of unemployment benefits, employees must repay those benefits.

Workplace Violence Prevention in Health Care (SB 537)

Oregon amended the state's Safety of Health Care Employees law to add requirements for health care sites. The amendments, among other things, clarify the requirements of workplace violence prevention plans and require workplace violence training to be conducted on an annual basis for employees and contracted security personnel who work on the premises of a health care employer.

Rhode Island

Expanded Temporary Disability Insurance and Temporary Caregiver Program (HB 7171; SB 829 and HB 6065; SB 974 and HB 6066)

Rhode Island amended the state's Temporary Disability Insurance and Temporary Caregiver Insurance (TDI/TCI) program to allow more reasons for leave and increase the program's monetary benefit and taxable wage base. Rhode Island TCI provides partial wage replacement and job protection for up to seven weeks of leave taken to care for a seriously ill child, spouse, domestic partner, parent, parent-in-law or grandparent, or to bond with a new child. Effective Jan. 1, 2026, TCI benefits will increase from seven to eight weeks. The amendments add organ and bone marrow donation as well as caring for a sibling to the list of qualified reasons for TCI, effective retroactively to Jan. 1, 2025. The amendments specify that TCI is allowed for the time needed for any procedures, medical tests and surgeries related to the organ or bone marrow donation, but the leave is limited to five business days of recovery from a bone marrow transplant and 30 business days for recovery from a living organ donor transplant.

The program's compensation rate will be increased in stages, first in January 2027, and then again in January 2028. An insured's weekly benefit rate is equal to 4.62% of the worker's total wages in the highest quarter of their base period. The amendments raise this rate to 5.38% on Jan. 1, 2027, and 5.77% on Jan. 1, 2028. The new taxable wage base takes effect Jan. 1, 2026.

The TDI/TCI program is funded entirely by employee contributions through TDI payroll deductions collected by employers at a rate set according to a formula in the law. The current contribution rate is 1.3% of the first $89,200 earned. The amendments increase the TDI taxable wage base to the greater of $100,000 or the annual earnings needed by an individual to qualify for the maximum weekly benefit amount and duration under the disability insurance law.

Notice of Wages and Employment Practices Upon Hire (SB 70 and HB 5679)

Rhode Island amended its wage payment law to require all employers to provide employees with written notice upon hire of information related to wages, rates of pay, allowances, benefits, pay deductions, leave policies and employer-identifying information. The amendment requires employers to provide all new employees with written notice in English at the start of their employment, containing the following information:

- The rate of pay and basis, including the method of payment (e.g., hourly, by the shift, daily, weekly, salary, piece, commission or other method) and the specific application of any additional rates;
- Allowances, if any, claimed for meals and lodging;
- The employer's policy on sick leave, vacation, personal leave, holidays and hours;
- The employee's employment status and whether the employee is exempt from minimum wage and/or overtime;

- A list of deductions that may be made from the employee's pay;
- The number of days in the pay period, the regularly scheduled payday and the payday on which the employee will receive the first payment of wages earned;
- The employer's legal name and its operating name, if different from its legal name;
- The physical address of the employer's main office or principal place of business and its mailing address, if different; and
- The employer's telephone number.

In addition to providing each new employee with written notice including this information, employers must also obtain the employee's signature acknowledging receipt of the notice and maintain the acknowledgement for a period of three years.

Employers that fail to comply with the new notice requirement are subject to a $400 fine for the first or second violation. For subsequent violations, employers are subject to the general penalty provisions of the wage payment statute, which provides that an employer may be found guilty of a misdemeanor and, upon conviction of the misdemeanor, be subject to a fine of a minimum of $400 for each separate offense or imprisonment of up to one year, or both.

Workplace Training for Hotel Employees (SB 549 and HB 5563)

Rhode Island enacted a new law requiring hotel employees to receive human trafficking awareness training annually. The law applies to operators of hotels or short-term rentals of 30 days or less. All employees must receive human trafficking awareness training within 180 days of employment or the first listing of a short-term rental property on a hosting platform and by the end of every calendar year after that. Human trafficking awareness training must include the following:

- The definition of human trafficking and commercial exploitation of children;
- Guidance on how to identify individuals at risk for trafficking;
- Guidance on how to identify the signs of trafficking and individuals potentially engaged in the act of trafficking;
- Difference between labor and sex trafficking, specific to the hotel section;
- Guidance on the role of hospitality employees in reporting and responding to this issue; and
- The contact information for the national human trafficking hotline toll-free number and text line or contact information for the local law enforcement agency.

Hotel and short-term rental operators must implement procedures and adopt policies for reporting suspected human trafficking to the national human trafficking hotline or local law enforcement. Additionally, operators of hotels or short-term rentals must maintain employee training records for the period of an employee's employment and for one year after the employee's employment ends.

Texas

AI (HB 149)

Texas enacted the Texas Responsible Artificial Intelligence Governance Act to establish guardrails for the development and deployment of AI systems within the state. The act applies to any person who promotes, advertises or conducts business in Texas; produces a product or service used by Texas residents; or develops or deploys an AI system in the state. "**AI system**" means any machine-based system that, for any explicit or implicit objective, infers from the inputs the system receives how to generate outputs, including content, decisions, predictions or recommendations that can influence physical or virtual environments.

Most of the act's compliance obligations apply only to governmental entities. However, certain provisions apply to private businesses, including the act's prohibition on the development or deployment of AI systems that:

- Unlawfully and intentionally discriminate against an individual based on their protected class, including race, color, national origin, sex, age, religion or disability (however, disparate impact alone is insufficient to show an intent to discriminate);
- Infringe, restrict or impair an individual's constitutional rights;
- Manipulate human behavior by inciting or encouraging self-harm, harm to another person or criminal activity; or
- Create illegal content, such as sexually explicit content or child sexual abuse material.
- The attorney general has the sole authority to enforce the act. Violations of the act may result in civil penalties ranging from $10,000 to $200,000 per violation, and $2,000 to $40,000 per day for continued violations. However, noncompliant entities will generally have a 60-day cure period to avoid penalties.

Unemployment Compensation Benefits (HB 3699)

Texas changed the definition of "last work" under the state's unemployment compensation benefits law from "the last person from whom the claimant actually worked, if the claimant worked for that person for at least 30 hours during a week" to "the employer...for whom the claimant last worked, unless otherwise provided by state or federal law."

Washington

Employee Leave and Job Protection for Hate Crime Victims (SB 5101)

Washington enacted a law requiring employers to provide leave from work, safety accommodations and job protections for employees who are victims of a hate crime or whose family member is a victim. The law expands the job protections, accommodations and leave that Washington law affords victims of domestic violence, sexual assault and stalking to cover victims of hate crimes and their family members. The law defines **"hate crime"** as the commission, attempted commission or alleged commission of an offense described in RCW 9A.36.080 and includes offenses committed through online or internet-based communication.

Under the law, employees may take reasonable leave from work, intermittent leave or leave on a reduced leave schedule, with or without pay, to:

- Seek legal or law enforcement assistance or remedies;
- Seek treatment by a health care provider for their own or a family member's physical or mental injuries;
- Obtain or assist a family member in obtaining social services;
- Obtain or assist a family member in obtaining counseling; and
- Participate in safety planning, relocate or take other actions to increase the safety of the employee or their family members.

Employees are required to provide their employers with advance notice of emergency leave as well as specified documentation verifying their need for leave. Confidentiality provisions apply.

Employers must additionally provide requested reasonable safety accommodations to hate crime victims (and employees whose family members are victims) if the accommodation does not impose an undue hardship, meaning significant difficulty or expense. Employers may not refuse to hire, discharge, threaten to discharge, demote, suspend, or in any manner discriminate or retaliate against an individual because they are an actual or perceived victim of a hate crime.

Health Care Employer Workplace Violence Prevention Plans (HB 1162)

Washington amended the state's workplace violence prevention law by requiring health care employers to develop and implement a workplace prevention plan with input from safety or workplace violence committees. The plans must address security considerations, staffing, job design, emergency procedures, reporting of violent acts, employee training and support for affected employees. Health care employers are required to conduct timely investigations of workplace violence incidents, review contributing risk factors of violence and submit summaries of findings and recommendations to the relevant committee. The amendments mandate annual reviews and updates of the workplace prevention plans instead of every three years.

Meal and Rest Breaks for Hospital Workers (HB 1879)

Washington revised the conditions under which certain hospital health care employees may waive meal and rest break requirements in the event of emergent or clinical patient care needs. Currently, nonexempt hospital employees who are directly involved in patient care or clinic services may waive any meal break if the waiver is voluntary and provided before the meal break. Under the amendment, health care employees with a shift of less than eight hours may still waive meal breaks. However, health care employees with longer shifts may only waive their second or third meal break if they have already taken at least one meal break during their shift. Any meal break waiver must be in writing or in an electronic recordkeeping format.

The waiver must include a summary of the applicable Washington Department of Labor and Industries (L&I) rule governing meal and rest periods and advise the employee that they may have other rights under the applicable provisions of a collective bargaining agreement, if one exists. Any waiver under the law must be voluntary, and the employer must expressly advise the employee that it is voluntary. The waiver must be agreed to by both the employer and the employee in advance of the first shift for which it is relied upon. Any waiver may be revoked at any time by the employer or employee.

PFML (HB 1213)

Washington state has passed amendments to its PFML program. Currently, the job restoration provisions in the unamended PFML law apply only to employees who:

- Work for an employer with at least 50 employees;
- Have been employed by the employer for at least 12 months; and
- Worked for the employer at least 1,250 hours during the 12 months immediately preceding the leave.

The amendments revise the eligibility provisions so that employees will no longer need to satisfy the 12-months/1,250-hour work thresholds. Instead, employees will be entitled to job restoration if they have worked for their employer for at least 180 days before taking the leave.

In addition, the job restoration requirement will apply to employers with fewer than 50 employees, following the phased-in schedule below:

- Twenty-five or more employees: beginning Jan. 1, 2026;
- Fifteen or more employees: beginning Jan. 1, 2027; and
- Eight or more employees: beginning Jan. 1, 2028.

The amendments provide that employees forfeit their right to job restoration unless they exercise this right by the first scheduled workday following their leave. However, if the leave has exceeded two weeks, the employer must provide at least five days' advance written notice to the employee of the expiration of employment restoration and the date of their first scheduled workday.

The current law already provides that PFML be used concurrently with leave under the federal Family and Medical Leave Act (FMLA). However, there is no mechanism for reducing PFML or employment protection when employees take FMLA leave before using PFML in the same year (a practice known as **"stacking"** leave). The amendments permit employers to count an employee's FMLA leave against their job-protected PFML entitlement when the FMLA leave qualifies for PFML, even if the employee does not apply for or receive PFML. The amendments thus restrict an employee's ability to preserve PFML for later use.

These new provisions will apply only if the employer provides the employee with written notice containing specific required information, including that the employee's unpaid leave is being designated as FMLA leave and counted against the employee's job-protected PFML maximum, among other things. The notice must be provided:

- Within five business days of the employee requesting or using FMLA leave—whichever is earlier; and
- Every month for the rest of the employee's FMLA year.

The amendments alter the health care coverage requirement by mandating that employers maintain employee coverage during any PFML for which the employee is entitled to job protection. The current PFML law, by contrast, requires that health care coverage be continued only if there is at least one day of overlap with FMLA leave.

The PFML law requires employers to provide written notice of PFML rights within five business days after an employee's seventh consecutive day of absence due to family or medical leave or within five business days after the employer has received notice that the employee's absence is due to family or medical leave, whichever is later. The amendments charge the commissioner of the Washington Employment Security Department with developing the required employee notice, which must explain eligibility requirements, possible weekly benefits, application processes, employment protection rights and nondiscrimination rights, and direct the employee to appropriate contacts and portals for more information. The notice must be presented in an easy-to-understand format.

Additionally, starting Jan. 1, 2026, the PFML premium rate will be 1.13% of each employee's gross wages, excluding tips, up to the 2026 Social Security cap of $184,500. This is an increase from the 2025 premium rate of 0.92% of wages. Of the total 1.13% contribution in 2026, employers with 50 or more employees will pay 28.57%, and employee withholding will cover the remaining 71.43%, a similar ratio as in 2025. Employers may pay some or all of the employees' share on their behalf if they choose. Employers with fewer than 50 employees employed in the state are not required to pay the employer portion of premiums, but they are eligible for grant assistance if they do.

Unemployment Insurance for Striking Workers (SB 5041)

Washington amended its unemployment compensation benefits law by extending unemployment insurance benefits to workers affected by labor disputes. Both striking workers (workers who voluntarily stop working as part of a labor dispute) and locked-out workers (workers who are barred from working by their employer during a labor dispute) are covered under the amendments. For striking workers, unemployment insurance benefits become available on the second Sunday after the strike begins or the date the strike is terminated, whichever is earlier, referred to as the **"disqualification period."** After the disqualification period ends, the standard one-week waiting period applies. For locked-out workers, the standard one-week waiting period applies. Striking workers can receive up to six weeks of unemployment benefits and locked-out workers can receive up to 26 weeks of unemployment benefits. The amendments are set to expire on Dec. 31, 2035. The Washington legislature is required to review the law and determine whether to renew, amend or allow the law to lapse in 2026.

Workplace Safety for Isolated Workers (HB 1524)

Washington strengthened workplace safety standards for isolated employees in industries such as hotels, motels, retail, security and property services by requiring employers to provide panic buttons, conduct training and establish clear sexual harassment policies. Under the amendment, an **"isolated employee"** is a janitor, security guard, hotel or motel housekeeper, or room service attendant who either performs work in an area where two or more coworkers, supervisors or a combination thereof are unable to immediately respond to an emergency without being summoned by the employee, or spends at least 50% of their working hours without a supervisor or another coworker present.

Employers must provide isolated employees with panic buttons that meet the following standards:

- Be designed to be carried by isolated employees;
- Be simple to activate without delays caused by entering passwords or waiting for the system to turn on;
- Provide an effective signal for the circumstances when activated; and
- Be able to summon immediate assistance and allow responders to identify the isolated employee's location accurately.

Additionally, employers must adopt a sexual harassment policy and provide mandatory training on safety and the use of panic buttons for both isolated employees and their supervisors.

The amendments give L&I authority to enforce these protections through investigations and the imposition of civil penalties. Employers that violate the law may be assessed a $1,000 civil penalty for each willful violation. For each repeat willful violation, employers may be assessed a civil penalty of at least $2,000 but not exceeding $10,000. L&I may waive or reduce penalties if an employer takes corrective action. L&I will adopt rules to implement and enforce the law.