ENGAGE PEO

Client Alert
New York - Recent Legislative Updates

Trapped at Work Act

WHAT'S NEW: On December 19, 2025, New York Governor, Kathy Hochul, signed the "Trapped at Work Act" into law. **The law took effect immediately.**

Employers are now prohibited from requiring workers and applicants to sign agreements that require repayment if the worker leaves before a set period of time. This law primarily targets agreements that frame repayment as reimbursement for training.

The restriction does not apply to money advanced to the worker that is unrelated to training, though the law leaves some uncertainty about what arrangements are permitted. The law does clearly allow repayment for property sold to the employee.

WHY IT MATTERS: Employers who do not comply with the law may be subject to fines and may also be required to pay the attorneys' fees of workers who prevail in challenging an unenforceable agreement.

Notably, a bill has been introduced (Bill A09452) seeking to amend and ultimately clarify the scope of the Act, but the bill is still in the initial stages.

WHAT EMPLOYERS SHOULD DO: While changes have been proposed and some changes to the Act are expected, it is recommended that employers take steps to comply with the Act as it is currently written.

- Eliminate all policies, practices, or contract provisions that require employees to repay the company for training, certifications, or onboarding costs if they leave their jobs before a specified time.
- Review offer letters, employment agreements, onboarding documents, training acknowledgments, and any other agreements that may impose financial obligations on employees.
- Consult with counsel to ensure that contracts and agreements are in compliance with the new law.

Use of Consumer Credit History

WHAT'S NEW: On December 19, New York Governor, Kathy Hochul, approved legislation limiting an employer's use of consumer credit history in making employment decisions. The law becomes **effective April 18, 2026.**

WHY IT MATTERS: The updated law makes it unlawful for employers to request or use an applicant's or employee's consumer credit history when making employment decisions, or to discriminate in hiring, pay, or other terms and conditions of employment based on that credit history. Some exceptions include persons applying for positions as peace officers or police officers, or persons applying for a position that is subject to background investigation by a state agency and requires a high degree of public trust.

WHAT EMPLOYERS SHOULD DO: Employers should review current hiring policies and practices and make any necessary revisions as it pertains to credit history inquiries.

Responsible AI Safety and Education Act (RAISE Act)

WHAT'S NEW: In December 2025, New York Governor, Kathy Hochul, signed into law the Responsible AI Safety and Education Act (RAISE Act), which imposes new restrictions on AI developers and vendors. **The law will take effect on January 1, 2027.**

WHY IT MATTERS: The revised RAISE Act adds safety and security protocols for large AI developers, or AI developers with more than 500 million in annual revenue and companies that develop or operate frontier AI models in NY. Under the Act large developers must:

- Create and publish safety protocols to prevent unreasonable risk of critical harm.
- Assess risks and implement safeguards to prevent critical harm.
- Report incidents of critical harm within 72 hours.
- Comply with oversight from New York State's new AI office.

WHAT EMPLOYERS SHOULD DO: Employers that use AI tools for hiring, HR decision-making, data analysis, or any other personnel-related function, will now need to conduct more thorough vetting and due diligence in selecting vendors to ensure compliance with RAISE Act requirements. Employers should continue to maintain internal oversight of how AI is used in the workplace.

If you have any questions, please contact your HR Business Partner/Consultant.