

Understanding Labor and Employment Law Updates for 2026

Thank you for reviewing our 2026 Labor Law Update. This overview provides a high-level summary of key federal and state labor, employment, and benefits law changes taking effect in 2026 that may impact employer policies, payroll, benefits administration, workplace technology, and compliance obligations.

Because employment laws vary by state and continue to evolve, this resource is not all-inclusive. Requirements may differ based on employer size, industry, location, and workforce circumstances, and additional guidance may be issued throughout the year.

Labor law changes often have broader, interconnected impacts. Our team is available to help you understand these developments and navigate compliance with confidence.

SUMMARY OF CONTENTS:

- State Employment Law Updates Effective January 1, 2026
 - Minimum Wage Updates for 2026
 - Upcoming 2026 State Employment Law Updates
 - Paid Leave and Workplace Protections
 - Artificial Intelligence and Technology in the Workplace
 - Federal Labor and Benefits Law Updates
 - Health and Welfare Plan Compliance Updates
 - Retirement and Tax-Related Updates
 - Immigration and Workforce Mobility
 - Addendum
-

State Employment Law Updates Effective January 1, 2026

Across the country, states continue to expand employee protections and employer compliance obligations. Many of these changes take effect January 1, 2026, and require updates to policies, payroll practices, employee communications, and training programs.

Selected State Highlights

Arkansas

Large employers (75+ employees) must file annual income withholding statements electronically.

Colorado

Paid Family and Medical Leave Insurance (FAMLI) expands to provide up to 12 additional weeks of leave for parents of children receiving inpatient NICU care. Contribution rates decrease slightly for 2026.

Connecticut

Paid sick leave requirements expand to employers with 11 or more employees, continuing the state's phased-in approach toward near-universal coverage.

Delaware

The state's Paid Family and Medical Leave program begins paying benefits in 2026, with clarified rules for private plans, contribution collection, and coordination with other leave benefits.

Illinois

The state enacted several significant changes affecting employers, including:

- Restrictions on discriminatory use of artificial intelligence in employment decisions
- Expanded commuter benefits for part-time employees
- Paid lactation breaks at the employee's regular rate of pay
- New penalties and procedures under the Illinois Human Rights Act
- Protections for concerted activity and limits on restrictive settlement terms

Maine

Agricultural workers become entitled to the state minimum wage, with enhanced enforcement and penalties for noncompliance.

Minnesota

Paid Leave Minnesota launches January 1, 2026, providing up to 20 weeks of paid, job-protected family and medical leave. The state also strengthened meal and rest break requirements and expanded earned sick and safe time rules.

Montana

Employers are prohibited from entering noncompete agreements with licensed physicians, with limited repayment exceptions.

Nevada

Covered employers must implement communication systems to protect outdoor workers from wildfire smoke exposure when air quality reaches hazardous levels.

New Hampshire

New unpaid, job-protected leave requirements take effect for military spouses and for childbirth- and adoption-related medical appointments.

New York

New York's Senate Bill S.8338 amends the New York State Human Rights Law to expressly recognize disparate impact liability. An employment practice may be unlawful if it disproportionately harms a protected class, even without discriminatory intent. An employer may defend the practice by showing it is job-related and consistent with business necessity, and that there is no less discriminatory alternative that would meet the same business purpose.

Oregon

Employers must provide detailed written explanations of wage statements at the time of hire and annually thereafter, along with updates to paid leave coordination and sick leave usage.

Rhode Island

Temporary Disability and Caregiver Insurance benefits expand in duration and scope, along with new hire notice requirements and mandatory human trafficking awareness training for hotel employees.

Texas

The state enacted guardrails on the development and deployment of artificial intelligence, including prohibitions on intentional discrimination and harmful uses.

Washington

The state expanded paid family and medical leave job protections, increased premium rates, strengthened workplace violence prevention requirements, and extended leave protections to hate crime victims.

Minimum Wage Updates for 2026

Minimum wage rates increase in numerous states in 2026, with many jurisdictions continuing inflation-based adjustments or phased statutory increases. New York, Washington, California, Colorado, Connecticut, Rhode Island, New Jersey, and several others implement higher statewide minimum wage rates effective January 1, 2026, with some states adjusting rates later in the year.

Employers should also account for:

- Location-based wage variations (city, county, or industry-specific)
 - Changes to tipped employee cash wage requirements
 - Updated wage posters and employee notices
-

Upcoming State Employment Law for 2026

California

Requires Employee Rights Notices (Feb. 1, 2026)

Employers must provide updated employee rights notices by this date and incorporate the notice requirement into onboarding and distribution practices going forward.

COVID-19 Prevention Recordkeeping/Reporting Requirements Expire (Feb. 3, 2026)

Certain COVID-era recordkeeping and reporting obligations sunset, reducing administrative requirements tied to COVID prevention compliance.

Must Allow Employees to Designate an Emergency Contact for Certain Arrests/Detentions (Mar. 30, 2026)

Employers must allow employees to designate an emergency contact to be notified in certain arrest/detention situations, which may require updates to onboarding forms and internal procedures.

Los Angeles County Requires Hotel Worker Protections (Apr. 1, 2026)

Covered hotel employers must implement new worker protections (separate from wage changes), which may include policy, training, and operational compliance updates for covered worksites.

Colorado

Amends Heat Illness Prevention Requirements for Agricultural Employers (Feb. 1, 2026)

Agricultural employers must comply with updated heat illness prevention requirements, which may affect written plans, training, and worksite protocols (water, shade, rest, and response procedures).

Amends Paid Sick Leave Rules (Feb. 1, 2026)

Colorado updates paid sick leave rules; employers should review accrual/usage rules, documentation expectations, and policy language to ensure alignment.

Artificial Intelligence Law Takes Effect (*Jun. 30, 2026*)

Colorado's AI law becomes effective, requiring governance and risk controls for covered uses of AI, especially where AI may influence employment decisions.

Georgia

Phases Out Federal Subminimum Wage for Workers With Disabilities (*Jul. 1, 2026*)

The state begins phasing out use of the federal subminimum wage framework for workers with disabilities, requiring impacted employers/programs to adjust compensation practices.

Illinois

Family Neonatal Intensive Care Leave Act Takes Effect (*Jun. 1, 2026*)

Illinois adds/expands protected leave related to a child's neonatal intensive care stay. Employers should update leave policies, forms, and manager guidance for qualifying situations.

Maine

Paid Family and Medical Leave Benefits Begin (*May 1, 2026*)

Maine PFML benefits start paying out, so employers should ensure coordination with internal leave programs and confirm employee communications and leave administration processes.

Minnesota

Quarterly Deposits of Premium Contributions for PFML Begin (*Apr. 30, 2026*)

Minnesota begins quarterly deposit requirements for PFML premium contributions. Employers should confirm payroll withholding/remittance timing and internal reporting workflows.

Secure Choice Registration Required for Employers with 100+ Employees (Jun. 30, 2026)

Large employers must register for the Secure Choice retirement savings plan by this deadline and prepare for payroll and employee enrollment processes.

New York

NYC Amends Paid Sick Leave & Temporary Schedule Change Laws (Feb. 22, 2026)

New York City updates requirements for paid sick leave and temporary schedule changes. Employers should revise policies, notices, and manager training for NYC-covered employees.

Secure Choice Registration: Employers with 30+ Employees (Mar. 18, 2026)

Covered employers must register for the state retirement savings program by this date and plan for payroll deduction and onboarding logistics.

Secure Choice Registration: Employers with 15–29 Employees (May 15, 2026)

Mid-size employers have a later Secure Choice registration deadline; confirm eligibility rules and operational steps for rollout.

Ban on Use of Credit Checks in Employment (Apr. 18, 2026)

New York restricts most employment-related use of consumer credit history (with limited exceptions). Employers should review background screening practices and vendor workflows to avoid prohibited credit checks.

Ohio

Requires E-Verify for Nonresidential Construction Employers (Mar. 19, 2026)

Covered nonresidential construction employers must use E-Verify, requiring updates to hiring workflows, documentation practices, and (where applicable) contractor/subcontractor compliance language.

Oregon

Further Increases Creditor Garnishment Limits (*Jul. 1, 2026*)

Oregon changes creditor garnishment limits, which affects payroll withholding calculations. Employers should ensure payroll teams/vendors apply the updated limits correctly.

Pennsylvania

Prohibits Hairstyle Discrimination (*Jan. 26, 2026*)

Pennsylvania expands anti-discrimination protections to cover hair texture and protective hairstyles commonly associated with race. Employers should update EEO policies and train managers to avoid hair-based bias in dress/grooming enforcement.

Amends Unemployment Insurance Eligibility (*Feb. 20, 2026*)

Pennsylvania updates unemployment eligibility rules, which may affect separation documentation, HR communications, and unemployment claim response practices.

Virginia

Requires Annual Hospital Workplace Violence Incident Report (*Jul. 1, 2026*)

Hospitals must complete an annual workplace violence incident reporting requirement, making incident tracking, documentation, and reporting processes especially important.

Washington

Fair Chance Amendments for Employers with 15+ Employees (*Jul. 1, 2026*)

Washington expands fair chance requirements impacting how and when employers may consider criminal history. Employers should review hiring stages, background check timing, and adverse action processes to ensure compliance.

Federal (U.S.)

DHS Replaces Random H-1B Cap Lottery with Wage Level-Weighted System (Feb. 27, 2026)

The H-1B cap selection methodology shifts away from a purely random lottery toward a wage-level weighted approach, which may change cap-season planning, job leveling, and compensation strategy for sponsored roles.

Paid Leave and Workplace Protections

States continue to expand paid leave programs and workplace safety requirements, including:

- Broader paid family and medical leave eligibility
- Expanded sick leave usage rights
- Enhanced workplace violence prevention and safety planning
- Additional protections for victims of domestic violence, hate crimes, and medical emergencies

Employers should review coordination rules between state paid leave programs, employer-sponsored leave, and federal FMLA.

Artificial Intelligence and Technology in the Workplace

Several states now regulate the use of artificial intelligence in employment decisions. These laws generally prohibit the use of AI systems that intentionally discriminate against protected classes and require transparency when AI is used in hiring, promotion, discipline, or termination decisions.

Employers using automated tools should evaluate vendors, audit decision-making processes, and update policies to reflect these requirements.

Federal Labor and Benefits Law Updates

Paid Family and Medical Leave Tax Credit

Beginning in 2026, the federal employer tax credit for providing paid family and medical leave becomes permanent. The credit applies to employers offering qualifying paid leave beyond what is required under state law.

Non-Compete Agreements

Federal non-compete restrictions remain unsettled. However, state enforcement trends and federal agency guidance continue to narrow the permissible scope of restrictive covenants, particularly for lower-wage workers.

Health and Welfare Plan Compliance Updates

Mental Health Parity

Group health plans issued or renewed on or after January 1, 2026, must comply with strengthened mental health parity rules. Plans must demonstrate equivalence between mental health/substance use disorder benefits and medical/surgical benefits and be prepared to produce comparative analyses upon request.

Health Savings Accounts and Direct Primary Care

Beginning in 2026, individuals enrolled in qualifying direct primary care arrangements may remain HSA-eligible, provided monthly fees do not exceed statutory limits. HSA funds may also be used to reimburse qualifying DPC fees.

Dependent Care Assistance

The tax-free dependent care assistance limit increases, providing expanded savings opportunities for employees and requiring updates to dependent care benefit administration.

Retirement and Tax-Related Updates

Roth Catch-Up Contributions

For high earners, catch-up contributions to retirement plans must be made on a Roth basis beginning in 2026, following a delayed implementation under federal guidance.

Independent Contractor Reporting

The threshold for reportable payments to independent contractors increases, affecting information reporting and backup withholding obligations.

Immigration and Workforce Mobility

A revised federal travel proclamation takes effect in 2026, expanding and modifying visa restrictions for certain countries. Employers with globally mobile workforces should monitor travel eligibility and visa processing impacts.

What Employers Should Do Now

To prepare for the 2026 labor and employment law landscape, employers should take proactive steps now to reduce compliance risk, avoid operational disruption, and position their organizations for smoother implementation.

1. Audit Policies and Handbooks

- Review employee handbooks, standalone policies, and offer letters for compliance with new and expanded paid leave laws, wage notice requirements, AI-related restrictions, and workplace safety obligations.
- Pay particular attention to multi-state policies to ensure state-specific requirements are clearly addressed.

2. Coordinate Payroll, HRIS, and Benefits Administration

- Confirm payroll systems are updated for 2026 minimum wage increases, tipped wage changes, and premium contribution rates.
- Validate coordination rules between state paid leave programs, employer-sponsored paid time off, and federal FMLA to prevent over- or under-provision of leave.
- Review dependent care, HSA, and retirement plan administration to ensure systems reflect new contribution limits and tax treatment rules.

3. Review Use of Technology and AI in Employment Decisions

- Inventory any automated or AI-assisted tools used in recruiting, screening, scheduling, performance management, or discipline.
- Work with vendors to understand how tools are designed, what data they rely on, and how potential bias is mitigated.
- Update internal policies and employee notices where required

4. Train Managers and Supervisors

- Provide targeted training on new leave rights, accommodation obligations, wage and hour compliance, and retaliation protections.
- Ensure frontline managers understand when to escalate issues to HR, particularly for paid leave requests, workplace safety concerns, and employee complaints.

5. Update Required Notices and Employee Communications

- Confirm posting and notice obligations for minimum wage, paid leave, and wage transparency requirements are met.
- Prepare employee-facing communications explaining changes in plain language to reduce confusion and prevent disputes.

6. Evaluate Workplace Safety and Risk Management Practices



P: (844) 761-1100

F: (844) 621-3500

E: info@envisionbenefitsgroup.com

- Review workplace violence prevention plans, panic button requirements, and safety training obligations, particularly in retail, health care, hospitality, and isolated-worker environments.
- Document training, policy distribution, and incident response procedures.

7. Monitor Ongoing Developments

- Many 2026 changes are part of multi-year rollouts or inflation-based adjustments. Employers should continue monitoring guidance, enforcement trends, and regulatory updates throughout the year.

Addendum

This overview is intended to provide a high-level summary of labor and employment law developments for 2026. It is not exhaustive and should not be construed as legal advice. Employers should consult with legal counsel or their HR advisor to address specific compliance obligations and operational impacts.

Envision Benefits Group continues to monitor legislative and regulatory developments and stands ready to assist employers with compliance, policy updates, and employee communication strategies.