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New Year, New Employment Laws; What Employers Must Know for 2026

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By Deborah H. Petito, G. Kevin Fasic, Sarah Goodman, Patrick Duffey, David Jones and Lauren R. Davis

As 2026 begins, employers across the United States face a wave of significant labor and employment law changes that demand immediate attention. From California's updates to minimum wage, exempt salary thresholds, and equal pay requirements, to Illinois' expanded workplace transparency and AI-related compliance obligations, these developments reflect a growing emphasis on employee protections, pay equity, and technology governance. Pennsylvania and Texas also introduced targeted reforms, including anti-discrimination measures, paid leave adjustments, and new standards for responsible AI use. The following provides an overview of the changes effective in early 2026 and outlines practical steps employers should take to help ensure compliance and mitigate risk.

Jump to: California | Delaware | New York | Illinois | Pennsylvania | Texas

California

Minimum Wage Increases to $16.90 Per Hour
Several cities and counties have their own required minimum wages. Employers should check their local city and county ordinances where they have employees to ensure they are paying the correct minimum wage. Forty (40) California cities and counties have minimum wage rates that are higher than the state minimum wage of $16.90. Twenty-eight (28) of those forty local cities and counties have increases to their minimum wage beginning January 1, 2026, with West Hollywood, at $20.25 per hour, being the highest. ***What Employers should do****:* Employers should check the minimum wages for any city or county where they have employees. Make sure hourly rates are updated to comply with state law and the City/County where the employee is working. Employers must pay minimum wage in the city or county where the employee works and not where the employer is located.

The Salary Requirement for Exempt Employees Rises to $70,304
In order to be exempt, an employee must meet the duties test and the salary test. The California salary test requires exempt employees to earn twice the minimum wage. With the increase in minimum wage to $16.90 on January 1, 2026, the new minimum salary for California exempt employees is $70,304. ***What Employers should do****:* Make sure any California employee who is exempt has an annual salary of at least $70,304.

Requirement to Allow Employees to Use Sick Leave for Jury Duty and When Appearing as a Witness
Use of sick leave was expanded to allow employees to use sick leave for jury duty or when they are required to appear in court to comply with a subpoena or other court order. ***What Employers should do*****:** Employers should revise their sick leave policy in their Employee Handbook and make sure that the new 2026 posters are displayed. In the alternative, employers can provide employees with the Notice linked to this Article. The revised and required notice is linked below.

- Poster
- English
- Spanish

New Notice Requirement – California Workplace – Know Your Rights
Effective February 1, 2026, and each year thereafter, employers must provide notice of employees' rights. The Labor Commissioner has developed notices that are linked here in Spanish and English. Employers are required to keep records of each written notice provided or sent for three years, including the date provided or sent. Employers may, but are not currently required to, provide a link or show the video developed by the Labor Commissioner's office. In addition, by March 30, 2026, employers must provide employees the opportunity to name an emergency contact and indicate whether that contact should be notified if the employee is arrested or detained. ***What Employers should do***: Employers should distribute the Notice to employees and keep records of how and when it was distributed. In addition, employers should calendar distribution for each year and give employees the opportunity name an emergency contact if they are arrested or detained.

Changes to the California Equal Pay Act
The definition of "pay scale" under the California Equal Pay Act has been broadened, and the statute of limitations for claims thereunder has been increased from two (2) to three (3) years, with employees able to get relief for up to six (6) years. The definition of "pay scale" is revised to include a good-faith estimate of the salary or hourly wage range the employer reasonably expects to pay for the position upon hire. "Wages" and "wage rates" are also redefined 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. ***What employers should do*:** Employers should ensure that they review their pay scales and document how they determined the pay scale to show that the pay scales were based on a good-faith estimate.

Employment Contracts Cannot Require Employees to Pay Employers for Training (if they leave their employment)
For employment contracts entered into on or after January 1, 2026, it is unlawful to include or to require an employee to execute as a condition of employment or a work relationship a contract that includes 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.
- Imposes any penalty, fee, or cost on a worker if the worker's employment or work relationship with a specific employer terminates.

This means employers cannot require employees to reimburse them for any training provided to them if they leave their employment. If this new law is violated, employees are entitled to actual damages sustained by the worker or five thousand dollars ($5,000), whichever is greater, in addition to injunctive relief, and reasonable attorney's fees and costs. There are certain exceptions as follows:

- A contract entered into under any loan repayment assistance program or loan forgiveness program provided by a federal, state, or local governmental agency.
- A contract related to the repayment of the cost of tuition for a transferable credential that meets certain requirements.
- A contract related to enrollment in an apprenticeship program approved by the Division of Apprenticeship Standards.
- A contract for the receipt of a discretionary or unearned monetary payment, including a financial bonus, at the outset of employment that is not tied to specific job performance, provided certain conditions are met.
- A contract related to the lease, financing, or purchase of residential property.

***What employers should do*:** Make sure new contracts do not have provisions requiring repayment upon an employee's termination unless they fit within one of the exceptions above.

Personnel Files Must Include Education and Training Records
Labor Code 1198.5 is revised to require an employer who maintains education or training records in those records in the employee's personnel file which include the following:

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

***What employers should do*:** If employers have training or education records for employees, ensure they are placed in the employee's personnel file. In addition, employers should ensure that electronic personnel files include all documents and are properly maintained.

Revisions to California's Baby WARN Act
In addition to the prior notice requirements, employers are now required to give notice of whether the employer plans to coordinate services, such as a rapid response orientation, through the local workforce development board, the employer plans to coordinate services through a different entity, or the employer does not plan to coordinate services with any entity. In addition, employers are required to include in the notice a description of the statewide food assistance program known as CalFresh.

Regardless of whether the employer chooses to coordinate services with the local workforce development board or another entity, the employer shall include in the notice a functioning email and telephone number of the board and the following description of the rapid response activities offered by the local workforce development board, and specifically: "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 help start a new career."

If the employer chooses to coordinate services with the local workforce development board or another entity, the employer shall arrange services within 30 days from the date of the notice. ***What employers should do*:** If employers have layoffs that trigger California's WARN Act, they should ensure they provide the information above in the notices sent to employees. Failure to give proper notice would subject an employer to a violation of WARN because the penalties are significant.

California's Transparency in Frontier AI Act
California's Transparency in Frontier Artificial Intelligence Act (TFAIA) is the first U.S. law specifically regulating frontier level AI systems. The law takes effect January 1, 2026, for covered developers.

TFAIA creates the first U.S. regulatory framework specifically targeting developers of advanced, high-capacity AI models. While the law is aimed at AI developers, employers and their Human Resources representatives play a critical role because the Act requires organizational transparency, risk reporting, and safety processes for AI development and deployment. ***What employers must do***: Ensure employees understand new responsibilities, documentation expectations, and escalation pathways and employers should review their AI practices.

- *Determine Whether the Company Is a "Covered Developer"* - Employers must determine whether the organization develops "foundation models" or "frontier models" as defined in the Act.

- An employer is considered a "frontier developer" if you train or initiate training of a "frontier model," which is defined as a

model that is: (1) trained on a broad set of data, (2) designed for generality of output, and (3) can be adapted to a wide range of distinctive tasks.

- A “large frontier developer” is a frontier developer whose entity (and its affiliates) had annual gross revenues exceeding US $500 million in the preceding calendar year. Large frontier developers are subject to additional obligations under the Act.

- *Implementation of Mandatory Training Programs* - Employers should develop training programs on compliance obligations, seek to define roles and responsibilities for safety reporting, and implement whistleblower protections aligned with the Act’s transparency goals. Training should cover the required documentation and transparency practices, how to identify and escalate safety concerns, and the ethical use of AI.

- *Critical Safety Incident Reporting* - A frontier developer must report “critical safety incidents.” The statute requires the company to establish a mechanism for submission by a frontier developer or member of the public.

- *Internal Reporting & Whistleblower Channels* - The Act emphasizes risk disclosure and public accountability for advanced AI systems. Employers must ensure employees know how to report safety issues or misuse, protect employees who raise concerns, and maintain documentation of reports and follow-up actions.

- *Whistleblower Protections* - Employees (“covered employees”) who assess, manage, or address frontier model risk are protected when they disclose:

- a specific and substantial danger to public health or safety from a catastrophic risk

- a violation of the chapter.

Large frontier developers must:

- Provide an anonymous internal reporting process for such disclosures.

- Provide monthly updates to the whistleblower on the status of disclosure.

If retaliation occurs, the burden shifts to the employer to show clear and convincing evidence that they would have taken the same action absent the disclosure. Practical Steps:

- Update whistleblower policies to cover frontier AI risk disclosures.

- Set up anonymous reporting channels (internal or third-party)

- Train human resources, legal, and safety teams in handling such disclosures in line with the Act.

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Monitor Regulatory Updates & Enforcement Trends - Because SB 53 is the first law of its kind, enforcement of the Act will be unpredictable. Employers must regularly track guidance from California regulators, monitor similar legislation in other states, and prepare for potential federal alignment or preemption.

California’s Transportation Network Company Drivers Labor Relations Act
California’s Transportation Network Company Drivers Labor Relations Act establishes a new labor relations framework for app-based rideshare and delivery drivers. Although drivers remain classified as independent contractors under Proposition 22, the Act creates collective representation or “union” rights, minimum labor standards, and new Human Resources compliance obligations for Transportation Network Companies (“TNC”). *Note that this Act does not apply to drivers who are employees.*

The Act allows workers to form, join, and participate in the activities of driver organizations, to bargain through representatives of their own choosing, and to engage in concerted activities for the purposes of bargaining or other mutual aid protection. To participate, drivers must meet a "20 rides in six months" threshold to ensure a more established connection to the industry. Despite the new rights allowed to gig drivers, they continue to be classified as independent contractors under California law. ***What employers need to know*:**

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Drivers Have New Rights to Representation - The Act allows drivers to form or join Driver Representative Organizations (DROs), which can collectively advocate for drivers, participate in sector-wide “meet and confer” processes, and raise concerns about pay, safety, and working conditions. TNCs must treat these rights similarly to traditional labor relations protections.

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Anti-Retaliation Rules Apply - TNCs may not retaliate against drivers for joining or supporting a DRO, participating in collective discussions, or raising safety or working condition concerns. Further, the Act emphasizes certain unfair employer practices, including but not limited to failure to provide requested information, interfering with the organization or activities of, discouraging membership, blacklisting, coercing, or otherwise inappropriately engaging with certified driver bargaining organizations.

TNCs must ensure that driver deactivation decisions are well documented, performance-related actions are consistent and non-discriminatory, and that no adverse employment action appears in the New Notice and Posting Requirements

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TNCs must ensure that drivers receive:
Written notice of their rights under the Act, information about DROs, and instructions for filing complaints or participating in representation processes. These notices must be accessible in the driver app and be provided in the driver’s primary language.

Within two weeks after the end of each calendar quarter, commencing with the quarter ending on March 31, 2026, each covered TNC shall submit the following items to the board:

- Driver’s name, driver’s license number, and, to the extent known by a TNC, the most recent email address, local residence and mailing addresses, cellular telephone number; and
- The TNC driver’s first date joining the platform and the number of rides the TNC driver completed in the previous six months, for each TNC driver who has completed at least 20 rides within the State of California within the prior six months to any “union” related protected activity.

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Further Implications
TNCs must be careful to recognize potential protected activity and avoid statements that could be interpreted as discouraging representation. They must also take steps to handle drivers’ complaints neutrally and consistently.

Given the nature of the new law and its structure, encouraging interaction between drivers and TNCs, TNCs can reasonably anticipate a sharp increase in driver inquiries, including inquiries about pay transparency and working conditions, and increased scrutiny of deactivation decisions.

Drivers will also likely initiate requests for meetings or mediation, creating significantly more work for involved human resource professionals.

A consistent, documented process will be essential to ensure compliance.

New Ordinance in Los Angeles
Effective December 1, 2025, Los Angeles hotel employers with 60 or more guest rooms must provide public housekeeping training of at least six hours on topics including:

- Hotel worker rights and employer responsibilities.
- Best practices for identifying and responding to suspected human trafficking, domestic violence, or violent or threatening conduct.
- Best practices for effective cleaning techniques to prevent the spread of disease.
- Best practices for identifying and avoiding insect or vermin infestations.
- Best practices for identifying and responding to the presence of other potential criminal activity.

***What employers should do*:** Employers in the City of Los Angeles who have a hotel with 60 or more rooms need to provide the above training to employees. The training must be provided by a certified trainer and the employer, must be 5 ½ hours in length and the employer must pay for the training.

Delaware

2025
HS 1 for HB 55: An Act to Amend the Delaware Code Relating to Prohibited Discrimination on the Basis of Military Status
Signed by the Governor 7/23/25 (effective immediately) – Adds "military status" as a basis for discrimination to state public accommodation, housing, insurance, education, and employment law.

19 Del. C. Ch. 37: Family and Medical Leave Insurance Program
12/1/25 - Paid Family and Medical Leave Act contributions to the program commence for employers with 10 or more employees.

2026
19 Del. C. Ch. 37: Family and Medical Leave Insurance Program
1/1/26 – Paid Family and Medical Leave Act became effective; employees may begin taking leave under the statute.

2027
HS 2 for HB 105: An Act to Amend Title 19 of the Delaware Code Relating to Employment Practices
Signed by the Governor 9/26/25 (effective 9/26/27) – Creates 19 Del. C. 709C, **Pay Transparency Act**, mandating that employers disclose hourly/salary compensation range plus benefits description to all applicants for employment.

Notable Pending Legislation
SB 63 w/ SA 1: An Act to Amend Title 19 of the Delaware Code Relating to Labor
Expands workplace fraud liability to all upstream prime and general contractors (and construction managers) for workplace fraud (misclassification of employees as independent contractors) violations by downstream contractors, regardless of privity of contract. Passed by Delaware House and Senate, vetoed by the Governor 8/28/25. Future status is uncertain.

SB 197: An Act to Amend Title 14 And Title 29 Of the Delaware Code Relating to Project Labor Agreements for School Public Works Contracts
Introduced 6/26/25 – Imposes union-only project labor agreements on all public and charter school construction. Likely illegal as pre-empted by NLRA. Future status is uncertain.

19 DE Admin. Code 1322: Proposed Amendments to Delaware Prevailing Wage Regulations
Changes proposed but not promulgated due to considerable objections, various changes exceeding statutory authority, and numerous errors and omissions. Future status is uncertain.

New York

New York City Earned Safe and Sick Time Act, Amendments (Int. 780 A)
Effective February 22, 2026, New York City amended the New York City Earned Safe and Sick Time Act ("ESSTA") to require private employers of any size to provide all employees with 32 hours of frontloaded, unpaid safe and sick time that is available for use immediately upon hire and each calendar year thereafter. These hours are in addition to existing paid safe and sick time hours required under ESSTA.

The amendment expands covered uses of leave to include caregiving needs by an employee "caregiver" for a minor child or defined "care recipient," workplace violence-related needs for the employee or employee-caregiver for a family member, public disasters (e.g., workplace closures, shelter in place orders, school/childcare restrictions), and benefits and housing proceedings. Although no waiting period is permitted to be imposed, employers may set a minimum increment of up to four hours per workday and need not carry over unused unpaid hours. Employers are required to track paid and unpaid leave balances (e.g., on pay statements or other written documentation for each pay period).

New York State Paid Prenatal Personal Leave, NYLL § 196-b(4-a)
Effective January 1, 2025, New York requires that any private sector employee, regardless of employer size, working in the state be afforded at least 20 hours of paid prenatal personal leave in any 52-week period as part of the New York State Paid Sick Leave Law. This leave obligation, which amends NYLL § 196-b to add section 4-a, is separate from and in addition to the hours of safe and sick leave already required under NYLL § 196-b. Leave under NYLL § 196-b(4-a) may be used only by the pregnant employee for prenatal healthcare services such as medical appointments, exams, procedures, testing, monitoring, and fertility treatment. Employers cannot require employees to exhaust other accrued safe and sick leave first, and the 52-week period begins the first time the employee uses prenatal leave. If an employee separates from the employer, the employer has no obligation to pay the employee for unused paid prenatal leave hours.

Notably, guidance issued by the New York Department of Labor states that spouses, partners, or other support persons are not eligible to use paid prenatal leave to attend prenatal appointments with a pregnant person. Employers should update their handbooks or create a standalone policy describing eligibility, covered uses, procedures to request leave, and an anti-retaliation provision. Employers should also update their payroll or paid time off tracking systems to comply with the requirement to separately track a prenatal leave balance. New York State Paid Prenatal Leave/FAQs

New York City Paid Prenatal Personal Leave, NYC Admin Code § 7-216
Effective July 2, 2025, New York City amended the New York City Earned Safe and Sick Leave Law to add the same 20-hour paid prenatal leave requirement as added by New York State earlier in the year. The city law contains additional requirements beyond the State's law, such that employers must provide a written notice on pay stubs detailing hours used and any remaining balance for each pay period, as well as specify that "reasonable" notice for foreseeable leave is at least 7 days and that "as soon as practicable" is the standard for unforeseeable leave. The City law further requires maintaining records of leave use, dates, and amounts for at least three years, and that employers distribute an updated "Notice of Employee Rights" to new and existing employees. New York State Right to Paid Prenatal Leave/FAQs

New York City Lactation Accommodation, Local Law 109 (2014 109)
Effective May 8, 2025, NYC Local Law 109 of 2024 amends the New York City Human Rights Law ("NYCHRL"), primarily codified in New York City Administrative Code § 8-107(1)(b), to modify the City's existing lactation room and policy obligations, including that employers must physically and electronically post their lactation accommodation policy and the policy must acknowledge New York State law which provides 30 minutes of paid lactation break time per pumping session. Employees may use paid break or meal time for any additional needed time. NYC Commission on Human Rights

Retail Worker Safety Act, NYLL §27-e
Effective June 2, 2025, employers with ten or more retail employees must adopt a retail workplace violence prevention policy that is equivalent to the model policy or more protective and train all employees annually. Notice of training must be provided at each annual session. For retailers with 500 or more employees in New York State, silent response and panic buttons, as well as training on their use, are required in covered retail locations starting January 1, 2027. NY Department of Labor/Retail Worker Safety

Expanded Mental Injury Coverage, Workers' Compensation Law § 10(3)
Effective January 1, 2025, New York amended the Workers' Compensation Law § 10(3) to allow any worker to file a claim for a mental injury caused by extraordinary work-related stress. This amendment expands workers' compensation coverage for mental injuries from extraordinary work-related stress beyond first responders to all workers. As of June 4, 2025, the Workers' Compensation Board may not disallow a claim simply because the stress was not greater than normal workplace stress where the claim is for PTSD, acute stress disorder, or major depressive disorder premised on extraordinary work-related stress attributable to distinct work-related events and supported by medical evidence under the DSM criteria. The mental health condition can be a standalone claim and does not need to be tied to a physical injury. New York State Medical Treatment Guidelines

Reproductive Health Decision-Making, NYLL § 203-e
As of January 1, 2025, employers were again required to include a notice of employee rights and remedies under NYLL § 203-e in handbooks or as a standalone policy, as the U.S. Court of Appeals for the Second Circuit vacated the prior injunction, which had eliminated the written notice requirement. There is no model policy available at present. Policies should thus be carefully crafted to note that the employer will not request or seek to access an employee's personal information regarding the employee's or the employee's dependent's reproductive health decision making, including but not limited to, the decision to use or access a particular drug, device, or medical service, without the employee's prior informed affirmative written consent. The policy should include decisions to use contraception, fertility treatments, or other reproductive health services as covered reproductive health decision-making. A policy should also note that the employer will not discriminate or retaliate for these choices, and employees' related medical information disclosed to the employer will remain confidential. https://www.govinfo.gov/content/pkg/USCOURTS-ca2-22-01076/pdf/USCOURTS-ca2-22-01076-0.pdf

New York State COVID-19 Quarantine Paid Sick Leave
New York's COVID-19 quarantine/isolation paid sick leave mandate expired July 31, 2025. Employees may rely on the New York State Paid Sick Leave Law and, if applicable, the New York City Earned Safe and Sick Leave Law, for illness, diagnosis, treatment, or care for COVID-19, including COVID-related health conditions.

Equal Rights Amendment to N.Y. Const. Art. I § 11
Effective January 1, 2025, the New York State Constitution's equal protection clause prohibits discrimination based on ethnicity, national origin, age, disability, and sex (including sexual orientation, gender identity, gender expression, pregnancy, pregnancy outcomes, and reproductive healthcare and autonomy). Employers should revise EEO statements to list the new protected classes and consider EEO training refreshers referencing the constitutional amendment.

Illinois

Illinois has enacted several new laws effective January 1, 2026, impacting employment agreements, workplace practices, and employee rights.

Workplace Transparency Act Amendments (HB 3638)
These amendments expand protections for employees and contractors, covering all violations of state and federal employment laws, not just discrimination. Employers cannot impose unilateral contract terms that shorten statutes of limitations, apply non-Illinois law, require out-of-state venues, or restrict truthful disclosures or concerted activity. Confidentiality clauses in settlement or termination agreements must include separate consideration and cannot waive future concerted activity. ***What employers should do:*** Review and update all agreements, revise confidentiality provisions, and train HR and legal teams on

compliance.

Human Rights Act Amendments (HB 3773)
Employers must not use AI in ways that discriminate based on protected classes or use zip codes as proxies. They must also notify employees when AI is used in employment decisions. ***What employers should do:*** Audit AI-driven hiring and decision-making systems, implement clear notification processes, and train HR and IT teams.

Nursing Mothers in the Workplace Act Amendments (SB 212)
Employers must pay employees for lactation breaks at their regular rate and cannot require the use of paid leave for these breaks. ***What employers should do:*** Update break policies, adjust payroll systems, and communicate changes to staff.

Blood and Organ Donation Leave Amendments (HB 1616)
Part-time employees are now entitled to 10 days of organ donation leave, with pay calculated based on their average daily pay over the last two months. ***What employers should do:*** Revise leave policies and ensure payroll accuracy.

Victims' Economic Security and Safety Act Amendments (HB 1278)
Employers cannot retaliate against employees who use employer-issued devices to document domestic or gender-based violence. They must grant access to related information on those devices and post notices explaining employee rights. ***What employers should do:*** Update device-use policies, ensure proper notice postings, and train managers on retaliation prohibitions.

Pennsylvania

CROWN Act
During this period, the most significant statewide development was the expansion of Pennsylvania's anti-discrimination framework through amendments to the Commonwealth's CROWN Act, which became effective on January 24, 2026. These amendments expressly prohibit employment discrimination based on hair texture, protective hairstyles, and certain head coverings and hairstyles historically associated with religious creeds. The statute specifically identifies styles such as locs, braids, twists, coils, Bantu knots, afros, and extensions, making clear that appearance-based policies can no longer be justified where they disproportionately affect racial or religious groups. ***What employers should do:*** This change requires a careful reassessment of grooming standards, dress codes, and professionalism policies, as well as supervisor training to ensure that enforcement practices do not give rise to disparate treatment or disparate impact claims under the Pennsylvania Human Relations Act.

Workplace Posting Requirements
In early January 2026, Pennsylvania employers also became subject to a new workplace posting obligation aimed at increasing awareness of benefits available to veterans and their families. Effective January 3, 2026, employers with more than 50 full-time employees must post a notice prepared by the Pennsylvania Department of Labor and Industry that outlines federal and state veterans' benefits and services. The required posting includes contact information for the U.S. Department of Veterans Affairs Crisis Line and county directors of veterans affairs. ***What employers should do:*** Although this change does not alter substantive employment rights, it adds a compliance obligation that employers must integrate into their standard posting practices, particularly those operating multiple worksites across the Commonwealth.

Pittsburgh's Paid Sick Days Act
Amendments to Pittsburgh's Paid Sick Days Act, effective January 1, 2026, increased the annual caps on paid sick leave accrual while maintaining the existing accrual rate of one hour for every 30 hours worked. Under the amended ordinance, employers with 15 or more employees must now permit employees to accrue and use up to 72 hours of paid sick leave per year, while smaller employers must allow accrual and use of up to 48 hours annually. ***What employers should do:*** These changes require Pittsburgh employers to update payroll systems, written leave policies, and employee handbooks.

Texas

Responsible Artificial Intelligence Governance Act (HB 149)
Effective January 1, 2026, Texas's Responsible Artificial Intelligence Governance Act establishes a comprehensive regulatory framework governing anyone who conducts business in the state or develops or deploys AI systems for use in Texas. The Act adopts a broad, technology-neutral definition of artificial intelligence systems and assigns compliance responsibilities based on whether an entity develops or deploys such systems. More specifically, the Act prohibits the development or deployment of AI intended for social scoring or discriminatory purposes, imposes baseline duties on developers and deployers, and requires governmental entities to notify individuals when they interact with AI. It also preempts local AI regulations, vests exclusive enforcement authority with the Texas Attorney General, and creates both an Artificial Intelligence Council and a first-in-the-nation regulatory sandbox to support supervised testing of AI innovations. ***What employers should do****:* Audit AI tools to ensure they are not developed or deployed for any prohibited intent, update internal policies to prohibit harmful or discriminatory AI uses, and train staff on compliance with the new legal standards.

Amendments to Non-Compete SB 1318, amending SB 1318, amending
Effective September 1, 2025, healthcare practitioner non-compete amendments take effect under SB 1318, amending Tex. Bus. & Com. Code Ann. § 15.50 and adding Tex. Bus. & Com. Code Ann. § 15.501. Under the amendments, non-compete agreements with physicians and other health care practitioners, including dentists, professional and vocational nurses, and physician assistants, must (1) allow the physician to buy out the non-compete for no more than the physician's annual salary and wages at the time of terminating the contract or employment, (2) not last more than one-year post-termination, (3) be limited geographically to no more than five miles of the physician's primary practice location, and (4) be clearly and conspicuously stated in writing. The statute further caps non-compete buy-outs at the employee's salary. The amendments apply only to new or renewed agreements after the effective date.

Trey's Law, SB 835
Effective September 1, 2025, Texas's Trey's Law, Senate Bill 835 adding Tex. Civ. Prac. & Rem. Code Ann. §§ 129C.001 and 129C.002, voids and renders unenforceable non-disclosure or confidentiality agreements and provisions prohibiting a person from disclosing an act of sexual abuse or facts related to an act of sexual abuse. The law covers all civil cases for sexual assault, regardless of the victim's age or when the abuse occurred. The law applies to agreements made before September 1, 2025, but enforcing prior NDAs will now require a court order. Other parts of settlement agreements, like the monetary amount, can remain confidential.