

3862--A

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I N   S E N A T E

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Introduced by Sens. KLEIN, SAVINO -- read twice and ordered printed, and when printed to be committed to the Committee on Labor -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the labor law and the civil service law, in relation to protection of employees and former employees against retaliatory action by employers

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1     Section 1. Section 740 of the labor law, as added by chapter 660 of  
2     the laws of 1984, paragraph (g) of subdivision 1 as added and paragraph  
3     (a) of subdivision 2 as amended by chapter 442 of the laws of 2006, and  
4     paragraph (d) of subdivision 4 as added by chapter 24 of the laws of  
5     2002, is amended to read as follows:  
6     S 740. Retaliatory [personnel] action by employers; prohibition. 1.  
7     Definitions. For purposes of this section, unless the context specif-  
8     ically indicates otherwise:  
9     (a) "Employee" means an individual who performs services for and under  
10    the control and direction of an employer for wages or other remunera-  
11    tion.  
12    (b) "Employer" means any person, firm, partnership, institution,  
13    corporation, or association that employs one or more employees.  
14    (c) "Law, rule or regulation" includes: (I) any duly enacted FEDERAL,  
15    STATE OR LOCAL statute or ordinance [or]; (II) any rule or regulation  
16    promulgated pursuant to [any federal, state or local] SUCH statute or  
17    ordinance; OR (III) ANY JUDICIAL OR ADMINISTRATIVE DECISION, RULING OR  
18    ORDER.  
19    (d) "Public body" includes the following:

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

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1 (i) the United States Congress, any state legislature, or any [popu-  
2 larly-elected] ELECTED local governmental body, or any member or employ-  
3 ee thereof;

4 (ii) any federal, state, or local [judiciary] COURT, or any member or  
5 employee thereof, or any grand or petit jury;

6 (iii) any federal, state, or local regulatory, administrative, or  
7 public agency or authority, or instrumentality thereof; [or]

8 (iv) any federal, state, or local law enforcement agency, prosecutori-  
9 al office, or police or peace officer;

10 (V) ANY FEDERAL, STATE OR LOCAL DEPARTMENT OF AN EXECUTIVE BRANCH OF  
11 GOVERNMENT; OR

12 (VI) ANY DIVISION, BOARD, BUREAU, OFFICE, COMMITTEE, OR COMMISSION OF  
13 ANY OF THE PUBLIC BODIES DESCRIBED IN SUBPARAGRAPHS (I) THROUGH (V) OF  
14 THIS PARAGRAPH.

15 (e) "Retaliatory [personnel] action" means the discharge, suspension  
16 [or demotion of], DEMOTION, PENALIZATION OR DISCRIMINATION AGAINST an  
17 employee OR FORMER EMPLOYEE, or other adverse [employment] action taken  
18 against an employee OR FORMER EMPLOYEE [in the terms and conditions of  
19 employment].

20 (f) "Supervisor" means any individual within an employer's organiza-  
21 tion who has the authority to direct and control the work performance of  
22 [the affected] AN employee; or who has [managerial] authority to take  
23 corrective action regarding the [violation of the law, rule or regu-  
24 lation] ILLEGAL BUSINESS ACTIVITY of which the employee complains.

25 (g) ["Health care fraud" means health care fraud as defined by article  
26 one hundred seventy-seven of the penal law.] "AGENT" MEANS ANY INDIVID-  
27 UAL, PARTNERSHIP, ASSOCIATION, CORPORATION OR GROUP OF PERSONS ACTING ON  
28 BEHALF OF AN EMPLOYER.

29 (H) "ILLEGAL BUSINESS ACTIVITY" MEANS ANY PRACTICE, PROCEDURE, ACTION  
30 OR FAILURE TO ACT BY AN EMPLOYER, OR AN EMPLOYEE OR AGENT OF SUCH  
31 EMPLOYER, TAKEN IN THE COURSE OF THE EMPLOYER'S BUSINESS, WHETHER OR NOT  
32 WITHIN THE SCOPE OF EMPLOYMENT OR AGENCY, THAT IS IN VIOLATION OF ANY  
33 LAW, RULE OR REGULATION PUNISHABLE BY IMPRISONMENT OR CIVIL OR CRIMINAL  
34 PENALTY.

35 2. Prohibitions. An employer shall not take any retaliatory [person-  
36 nel] action against an employee OR FORMER EMPLOYEE because such employee  
37 OR FORMER EMPLOYEE does any of the following WHILE EMPLOYED BY THE  
38 EMPLOYER, WHETHER OR NOT WITHIN THE SCOPE OF THE EMPLOYEE'S JOB DUTIES:

39 (a) discloses TO A SUPERVISOR OR A PUBLIC BODY, or threatens to  
40 [disclose] MAKE A DISCLOSURE to a [supervisor or to a] public body  
41 UNLESS THE EMPLOYER REMEDIES THE ILLEGAL BUSINESS ACTIVITY, INFORMATION  
42 ABOUT an ILLEGAL BUSINESS activity[, policy or practice of the employer  
43 that is in violation of law, rule or regulation which violation creates  
44 and presents a substantial and specific danger to the public health or  
45 safety, or which constitutes health care fraud];

46 (b) provides information to, or testifies before, any public body  
47 conducting an investigation, hearing or inquiry into any such [violation  
48 of a law, rule or regulation by such employer] ILLEGAL BUSINESS  
49 ACTIVITY; or

50 (c) objects to, or refuses to participate in, any [such] ILLEGAL BUSI-  
51 NESS activity[, policy or practice in violation of a law, rule or regu-  
52 lation].

53 3. Application. The protection against retaliatory [personnel] action  
54 provided by PARAGRAPHS (A), (B) AND (C) OF SUBDIVISION TWO OF THIS  
55 SECTION SHALL APPLY TO ANY EMPLOYEE WHO IN GOOD FAITH REASONABLY  
56 BELIEVES THAT AN ILLEGAL BUSINESS ACTIVITY HAS OCCURRED OR WILL OCCUR,

1 BASED ON INFORMATION THAT THE EMPLOYEE IN GOOD FAITH REASONABLY BELIEVES  
2 TO BE TRUE; PROVIDED HOWEVER THAT THE PROTECTION AGAINST RETALIATORY  
3 ACTION PROVIDED BY paragraph (a) of subdivision two of this section  
4 pertaining to disclosure to a public body shall not apply to an employee  
5 who makes such disclosure to a public body unless the employee has  
6 [brought] MADE A GOOD FAITH EFFORT TO NOTIFY HIS OR HER EMPLOYER BY  
7 BRINGING the ILLEGAL BUSINESS activity[, policy or practice in violation  
8 of law, rule or regulation] to the attention of a supervisor [of the  
9 employer] and has afforded such employer a reasonable opportunity to  
10 correct such activity[, policy or practice]. SUCH EMPLOYER NOTIFICATION  
11 SHALL NOT BE REQUIRED WHERE: (A) THE EMPLOYER HAS NOT POSTED ANY NOTICE  
12 REQUIRED BY SUBDIVISION EIGHT OF THIS SECTION; (B) THERE IS AN IMMINENT  
13 AND SERIOUS DANGER TO THE PUBLIC HEALTH OR SAFETY; (C) THE EMPLOYEE  
14 REASONABLY BELIEVES THAT REPORTING TO THE SUPERVISOR WOULD RESULT IN A  
15 DESTRUCTION OF EVIDENCE OR OTHER CONCEALMENT OF THE ILLEGAL BUSINESS  
16 ACTIVITY; (D) SUCH ACTIVITY COULD REASONABLY BE EXPECTED TO LEAD TO  
17 ENDANGERING THE WELFARE OF A MINOR; (E) THE EMPLOYEE REASONABLY BELIEVES  
18 THAT REPORTING TO THE SUPERVISOR WOULD RESULT IN PHYSICAL HARM TO THE  
19 EMPLOYEE OR ANY OTHER PERSON; OR (F) THE EMPLOYEE REASONABLY BELIEVES  
20 THAT THE SUPERVISOR IS ALREADY AWARE OF THE ILLEGAL BUSINESS ACTIVITY  
21 AND WILL NOT CORRECT SUCH ACTIVITY.

22 4. Violation; remedy. (a) An employee who has been the subject of a  
23 retaliatory [personnel] action in violation of this section may insti-  
24 tute a civil action in a court of competent jurisdiction for relief as  
25 set forth in subdivision five of this section within [one year] TWO  
26 YEARS after the alleged retaliatory [personnel] action was taken.

27 (b) Any action authorized by this section may be brought in the county  
28 in which the alleged retaliatory [personnel] action occurred, in the  
29 county in which the complainant resides, or in the county in which the  
30 employer has its principal place of business. IN ANY SUCH ACTION, THE  
31 PARTIES SHALL BE ENTITLED TO A JURY TRIAL.

32 (c) [It shall be a defense to any action brought pursuant to this  
33 section that the personnel action was predicated upon grounds other than  
34 the employee's exercise of any rights protected by this section.] EXCEPT  
35 AS OTHERWISE PROVIDED IN THIS SECTION, A VIOLATION OF THIS SECTION IS  
36 ESTABLISHED WHEN THE COMPLAINANT DEMONSTRATES THAT A MOTIVATING FACTOR  
37 FOR THE RETALIATORY ACTION VIOLATES SUBDIVISION TWO OF THIS SECTION.  
38 REMEDIES FOR VIOLATION OF SUBDIVISION TWO OF THIS SECTION SHALL BE  
39 LIMITED SOLELY TO THOSE PROVIDED IN PARAGRAPHS (E), (F) AND (G) OF  
40 SUBDIVISION FIVE OF THIS SECTION IF THE EMPLOYER DEMONSTRATES THAT IT  
41 WOULD HAVE TAKEN THE SAME ACTION IN THE ABSENCE OF THE IMPERMISSIBLE  
42 MOTIVATING FACTOR. It shall [also] be a defense that the individual was  
43 an independent contractor.

44 [(d) Notwithstanding the provisions of paragraphs (a) and (c) of this  
45 subdivision, a health care employee who has been the subject of a retal-  
46 iatory action by a health care employer in violation of section seven  
47 hundred forty-one of this article may institute a civil action in a  
48 court of competent jurisdiction for relief as set forth in subdivision  
49 five of this section within two years after the alleged retaliatory  
50 personnel action was taken. In addition to the relief set forth in that  
51 subdivision, the court, in its discretion, based upon a finding that the  
52 employer acted in bad faith in the retaliatory action, may assess the  
53 employer a civil penalty of an amount not to exceed ten thousand  
54 dollars, to be paid to the improving quality of patient care fund,  
55 established pursuant to section ninety-seven-aaaa of the state finance  
56 law.]

1 5. Relief. In any action brought pursuant to subdivision four of this  
2 section, the court may order relief as follows:

3 (a) [an injunction to restrain continued violation of this section;

4 (b)] the reinstatement of the employee to the same position held  
5 before the retaliatory [personnel] action[, or to an equivalent posi-  
6 tion, OR FRONT PAY IN LIEU THEREOF;

7 [(c)] (B) the reinstatement of full fringe benefits and seniority  
8 rights;

9 [(d)] (C) the compensation for lost wages, benefits and other remuner-  
10 ation; [and

11 (e)] (D) COMPENSATORY DAMAGES FOR ECONOMIC LOSS AND FOR EMOTIONAL  
12 DISTRESS;

13 (E) the payment by the employer of reasonable costs, disbursements,  
14 and attorney's fees;

15 (F) AN INJUNCTION TO RESTRAIN THE EMPLOYER'S CONTINUED VIOLATION OF  
16 THIS SECTION; AND

17 (G) A CIVIL PENALTY OF AN AMOUNT NOT TO EXCEED TEN THOUSAND DOLLARS  
18 AND/OR A LIQUIDATED DAMAGES AWARD EQUAL TO AMOUNTS OF DAMAGES PURSUANT  
19 TO PARAGRAPHS (C) AND (D) OF THIS SUBDIVISION, IF THE COURT, IN ITS  
20 DISCRETION, FINDS THAT THE EMPLOYER ACTED IN BAD FAITH IN THE RETALIATO-  
21 RY ACTION.

22 6. Employer relief. A court, in its discretion, may also order that  
23 reasonable attorneys' fees and court costs and disbursements be awarded  
24 to an employer if the court determines that an action brought by an  
25 employee under this section was without basis in law or in fact.

26 7. Existing rights. Nothing in this section shall be deemed to dimin-  
27 ish the rights, privileges, or remedies of any employee under any other  
28 law or regulation or under any collective bargaining agreement or  
29 employment contract[; except that the institution of an action in  
30 accordance with this section shall be deemed a waiver of the rights and  
31 remedies available under any other contract, collective bargaining  
32 agreement, law, rule or regulation or under the common law].

33 8. PUBLICATION. EVERY EMPLOYER SHALL INFORM EMPLOYEES OF THEIR  
34 PROTECTIONS, RIGHTS AND OBLIGATIONS UNDER THIS SECTION, BY POSTING A  
35 NOTICE THEREOF. SUCH NOTICES SHALL BE POSTED CONSPICUOUSLY IN EASILY  
36 ACCESSIBLE AND WELL-LIGHTED PLACES CUSTOMARILY FREQUENTED BY EMPLOYEES  
37 AND APPLICANTS FOR EMPLOYMENT.

38 S 2. Subdivision 4 of section 741 of the labor law, as added by chap-  
39 ter 24 of the laws of 2002, is amended to read as follows:

40 4. Enforcement. A health care employee may seek enforcement of this  
41 section pursuant to [paragraph (d) of subdivision] SUBDIVISIONS four AND  
42 FIVE of section seven hundred forty of this article.

43 S 3. Subdivision 2 of section 75-b of the civil service law, as added  
44 by chapter 660 of the laws of 1984 and paragraph (a) as amended by chap-  
45 ter 899 of the laws of 1986, is amended to read as follows:

46 2. (a) A public employer shall not dismiss, SUSPEND, DEMOTE, PENALIZE,  
47 THREATEN OR DISCRIMINATE AGAINST, or take other disciplinary or other  
48 [adverse personnel action] ACT OF REPRISAL against a public employee  
49 regarding the employee's employment because the employee: (I) discloses  
50 TO A PUBLIC BODY OR THREATENS TO MAKE A DISCLOSURE TO A PUBLIC BODY OR  
51 SUPERVISOR IF THE EMPLOYER DOES NOT REMEDY THE IMPROPER CONDUCT, to a  
52 governmental body information[: (i)] regarding a violation of a law,  
53 rule or regulation which violation creates [and] OR presents a substan-  
54 tial and specific danger to the public health or safety[; or (ii) which  
55 the employee reasonably believes to be true and reasonably believes], OR  
56 WHICH constitutes an improper governmental action[. "Improper govern-

1 mental action" shall mean any action by a public employer or employee,  
2 or an agent of such employer or employee, which is undertaken in the  
3 performance of such agent's official duties, whether or not such action  
4 is within the scope of his employment, and which is in violation of any  
5 federal, state or local law, rule or regulation], OR WHICH COULD REASON-  
6 ABLY BE EXPECTED TO LEAD TO ENDANGERING THE WELFARE OF A MINOR; (II)  
7 PROVIDES INFORMATION TO, OR TESTIFIES BEFORE, ANY PUBLIC BODY CONDUCTING  
8 AN INVESTIGATION, HEARING OR INQUIRY INTO ANY VIOLATION OR IMPROPER  
9 GOVERNMENTAL ACTION; OR (III) OBJECTS TO, OR REFUSES TO PARTICIPATE IN,  
10 ANY SUCH VIOLATION OR IMPROPER GOVERNMENTAL ACTION.

11 (b) THE PROTECTION AGAINST RETALIATORY ACTION PROVIDED IN SUBPARA-  
12 GRAPHS (I) AND (II) OF PARAGRAPH (A) OF THIS SUBDIVISION SHALL APPLY TO  
13 ANY EMPLOYEE WHO IN GOOD FAITH REASONABLY BELIEVES THAT A VIOLATION OR  
14 IMPROPER GOVERNMENTAL ACTION HAS OCCURRED OR WILL OCCUR, BASED ON INFOR-  
15 MATION THAT THE EMPLOYEE IN GOOD FAITH REASONABLY BELIEVES TO BE TRUE.

16 (C) Prior to disclosing information pursuant to SUBPARAGRAPH (I) OF  
17 paragraph (a) of this subdivision, an employee shall have made a good  
18 faith effort to provide the appointing authority or his or her designee  
19 the information to be disclosed and shall provide the appointing author-  
20 ity or designee a reasonable time to take appropriate action unless  
21 there is imminent and serious danger to public health or safety. For the  
22 purposes of this subdivision, an employee who acts pursuant to this  
23 paragraph shall be deemed to have disclosed information to a govern-  
24 mental body under paragraph (a) of this subdivision. NOTIFICATION TO  
25 THE APPOINTING AUTHORITY OR DESIGNEE SHALL NOT BE REQUIRED WHERE: (I)  
26 THE EMPLOYER HAS NOT POSTED ANY NOTICE REQUIRED BY SUBDIVISION FIVE OF  
27 THIS SECTION; (II) THERE IS AN IMMINENT AND SERIOUS DANGER TO THE PUBLIC  
28 HEALTH OR SAFETY; (III) THE EMPLOYEE REASONABLY BELIEVES THAT REPORTING  
29 TO THE APPOINTING AUTHORITY OR DESIGNEE WOULD RESULT IN A DESTRUCTION OF  
30 EVIDENCE OR OTHER CONCEALMENT OF THE IMPROPER GOVERNMENTAL ACTION; OR  
31 (IV) SUCH ACTIVITY COULD REASONABLY BE EXPECTED TO LEAD TO ENDANGERING  
32 THE WELFARE OF A MINOR.

33 (D) "IMPROPER GOVERNMENTAL ACTION" SHALL MEAN ANY PRACTICE, PROCEDURE,  
34 ACTION OR FAILURE TO ACT BY A PUBLIC EMPLOYER OR EMPLOYEE, OR AN AGENT  
35 OF SUCH EMPLOYER OR EMPLOYEE, WHICH IS UNDERTAKEN IN THE PERFORMANCE OF  
36 SUCH AGENT'S OFFICIAL DUTIES, WHETHER OR NOT SUCH ACTION IS WITHIN THE  
37 SCOPE OF SUCH PERSON'S EMPLOYMENT, AND WHICH IS IN VIOLATION OF ANY LAW,  
38 RULE OR REGULATION REGARDING GOVERNMENTAL ACTION PUNISHABLE BY IMPRISON-  
39 MENT OR CIVIL OR CRIMINAL PENALTY. "LAW, RULE OR REGULATION" INCLUDES:  
40 (I) ANY DULY ENACTED FEDERAL, STATE OR LOCAL STATUTE OR ORDINANCE; (II)  
41 ANY RULE OR REGULATION PROMULGATED PURSUANT TO ANY SUCH STATUTE OR ORDI-  
42 NANCE; OR (III) ANY JUDICIAL OR ADMINISTRATIVE DECISION, RULING OR  
43 ORDER.

44 S 4. Subdivision 3 of section 75-b of the civil service law, as added  
45 by chapter 660 of the laws of 1984, is amended to read as follows:

46 3. (a) Where an employee is subject to dismissal or other disciplinary  
47 action under a final and binding arbitration provision, or other disci-  
48 plinary procedure contained in a collectively negotiated agreement, or  
49 under section seventy-five of this title or any other provision of state  
50 or local law, OR TO THE ELIMINATION OF JOB TITLE OR CLASSIFICATION THAT  
51 UNIQUELY FITS AND SINGLES OUT SUCH EMPLOYEE and the employee reasonably  
52 believes THAT SUCH dismissal [or], other disciplinary action OR OTHER  
53 ADVERSE ACTION would not have been taken but for the conduct protected  
54 under subdivision two of this section, he or she may assert such as a  
55 defense before the designated arbitrator or hearing officer. The merits  
56 of such defense shall be considered and determined as part of the arbi-

1 tration award or hearing officer decision of the matter. If there is a  
2 finding that the dismissal or other disciplinary action is based solely  
3 on a violation by the employer of such subdivision, the arbitrator or  
4 hearing officer shall dismiss or recommend dismissal of the disciplinary  
5 proceeding, as appropriate, and, if appropriate, reinstate the employee  
6 with back pay, and, in the case of an arbitration procedure, may take  
7 other appropriate action as is permitted in the collectively negotiated  
8 agreement.

9 (b) Where an employee is subject to a collectively negotiated agree-  
10 ment which contains provisions preventing an employer from taking  
11 adverse [personnel] actions and which contains a final and binding arbi-  
12 tration provision to resolve alleged violations of such provisions of  
13 the agreement and the employee reasonably believes that such [personnel]  
14 action would not have been taken but for the conduct protected under  
15 subdivision two of this section, he or she may assert such as a claim  
16 before the arbitrator. The arbitrator shall consider such claim and  
17 determine its merits and shall, if a determination is made that such  
18 adverse [personnel] ion is based on a violation by the employer of such  
19 subdivision, take such action to remedy the violation as is permitted by  
20 the collectively negotiated agreement.

21 (c) [Where] IN ADDITION TO OR IN LIEU OF THE PROCEDURES SET FORTH IN  
22 PARAGRAPHS (A) AND (B) OF THIS SUBDIVISION, OR WHERE an employee is not  
23 subject to any of the provisions of [paragraph (a) or (b) of this subdi-  
24 vision] SUCH PARAGRAPHS, the employee may commence an action in a court  
25 of competent jurisdiction under the same terms and conditions AND FOR  
26 THE SAME RELIEF as set forth in article twenty-C of the labor law.

27 S 5. Section 75-b of the civil service law is amended by adding a new  
28 subdivision 5 to read as follows:

29 5. EVERY PUBLIC EMPLOYER SHALL INFORM EMPLOYEES OF THEIR PROTECTIONS,  
30 RIGHTS AND OBLIGATIONS UNDER THIS SECTION, BY POSTING A NOTICE THEREOF.  
31 SUCH NOTICES SHALL BE POSTED CONSPICUOUSLY IN EASILY ACCESSIBLE AND  
32 WELL-LIGHTED PLACES CUSTOMARILY FREQUENTED BY EMPLOYEES AND APPLICANTS  
33 FOR EMPLOYMENT.

34 S 6. This act shall take effect on the ninetieth day after it shall  
35 have become a law.