

STATE OF NEW YORK

5459

2023-2024 Regular Sessions

IN SENATE

March 6, 2023

Introduced by Sens. JACKSON, COMRIE, SALAZAR -- read twice and ordered printed, and when printed to be committed to the Committee on Labor

AN ACT to amend the labor law, in relation to enacting the safeguarding employees and accountability for termination act

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The labor law is amended by adding a new article 20-D to read as follows:

ARTICLE 20-D

SAFEGUARDING EMPLOYEES AND ACCOUNTABILITY FOR TERMINATION ACT

Section 745. Short title.

746. Definitions.

747. Elements of wrongful discharge.

748. Remedies.

749. Probationary period.

750. Limitation of actions.

751. Exemptions.

752. Arbitration.

753. Effect of rejection of offer to arbitrate.

§ 745. Short title. This act shall be known and may be cited as the "safeguarding employees and accountability for termination act" or "the SEAT act".

§ 746. Definitions. When used in this article, the term:

1. "Constructive discharge" means the voluntary termination of employment by an employee because of a situation created by an act or omission of the employer which a reasonable person would find so intolerable that voluntary termination is the only reasonable alternative. Constructive discharge does not mean voluntary termination because of an employer's refusal to promote the employee or improve wages, responsibilities or other terms and conditions of employment.

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

LBD09457-01-3

1 2. "Discharge" includes a constructive discharge as defined in subdi-
2 vision one of this section and any other termination of employment,
3 including resignation, elimination of the job, failure to recall or
4 rehire and any other cutback in the number of employees for a legitimate
5 business reason.

6 3. "Fringe benefits" means the value of any employer-paid vacation
7 leave, sick leave, medical insurance plan, disability insurance plan,
8 and life insurance plan in force on the date of the termination.

9 4. "Good cause" means any reasonable job-related grounds for an
10 employee's dismissal based on:

11 (a) the employee's failure to satisfactorily perform job duties;

12 (b) the employee's disruption of the employer's operation except when
13 engaging in concerted activity;

14 (c) the employee's material or repeated violation of an express
15 provision of the employer's written policies; or

16 (d) other legitimate business reasons determined by the employer while
17 exercising the employer's reasonable business judgment. The legal use of
18 a consumable product by an employee off the employer's premises during
19 nonworking hours is not a legitimate business reason; provided, however,
20 that this paragraph shall not apply to:

21 (i) the use of a consumable product that affects in any manner an
22 employee's ability to perform job-related employment responsibilities or
23 the safety of other employees;

24 (ii) an employee who, on a personal basis, has a professional service
25 contract with an employer and the unique nature of the services provided
26 authorizes the employer, as part of the service contract, to limit the
27 use of certain products;

28 (iii) an employer that is a nonprofit organization that, as one of its
29 primary purposes or objectives, discourages the use of one or more
30 lawful products by the general public; or

31 (iv) an employer that takes action based on the belief that the
32 employer's actions are permissible under an established substance abuse
33 or alcohol program or policy, professional contract or collective
34 bargaining agreement.

35 6. "Leave of absence" means an employee's absence from work for a
36 period of more than five consecutive working days for any reason other
37 than holidays and vacations.

38 7. "Lost wages" means the gross amount of wages that would have been
39 reported to the internal revenue service as gross income on form W-2 and
40 includes overtime payments, any bonuses, and additional compensation
41 deferred at the option of the employee.

42 § 747. Elements of wrongful discharge. 1. A discharge is wrongful only
43 if:

44 (a) the discharge was not for good cause and the employee had
45 completed the employer's probationary period of employment; or

46 (b) the employer materially violated an express provision of its own
47 written personnel policy prior to the discharge, and the violation
48 deprived the employee of a fair and reasonable opportunity to remain in
49 a position of employment with the employer.

50 2. During a probationary period of employment, the employment may be
51 terminated at the will of the employer on notice to the employee for any
52 reason or for no reason.

53 3. The employer has broad discretion when making a decision to
54 discharge any managerial or supervisory employee.

55 § 748. Remedies. 1. If an employer has committed a wrongful discharge,
56 the employee may be awarded lost wages and fringe benefits for a period

1 not to exceed four years from the date of discharge, together with
2 interest on the lost wages and fringe benefits. The employee's interim
3 earnings, derived from any new kind, nature, or type of work, hire,
4 contractor status or employment that did not exist at the time of
5 discharge, including amounts the employee could have earned with reason-
6 able diligence from the work, hire, contractor status or employment,
7 shall be deducted from the amount awarded for lost wages. Before inter-
8 im earnings are deducted from lost wages, there shall be deducted from
9 the interim earnings any reasonable amounts expended by the employee in
10 searching for, obtaining, or relocating to new employment.

11 2. Following any verdict or award in favor of the discharged employee,
12 a court of competent jurisdiction shall consider any monetary payments,
13 compensation or benefits the employee received arising from or related
14 to the discharge, including unemployment compensation or benefits, and
15 shall deduct those payments, compensation and benefits from the amount
16 awarded for lost wages before entering judgment.

17 § 749. Probationary period. 1. If an employer does not establish a
18 specific probationary period or provide that there is no probationary
19 period prior to or at the time the employee begins work, there is a
20 probationary period of one month commencing on the date the employee
21 begins work.

22 2. An employer may extend a probationary period prior to the expira-
23 tion of a probationary period, but the original probationary period
24 together with any periods of extension shall not exceed six months. The
25 probationary period shall not be extended or restarted by discharging an
26 employee during the probationary period and rehiring the employee within
27 three months after such discharge.

28 3. If an employee has one or more leaves of absence during the
29 original probationary period or any extension of the probationary peri-
30 od, the time of each leave of absence shall not be a part of the proba-
31 tionary period unless the employer affirmatively elects to include each
32 leave of absence as part of the probationary period with the affirmative
33 written consent of the employee.

34 § 750. Limitation of actions. 1. An action under this article shall be
35 filed within six years after the date of discharge.

36 2. If an employer maintains written internal procedures, other than
37 those specified in section seven hundred fifty-one of this article,
38 under which an employee may appeal a discharge within the organizational
39 structure of the employer, the employee shall first exhaust those proce-
40 dures prior to filing an action under this article. The employee's fail-
41 ure to initiate or exhaust available internal procedures is a defense to
42 an action brought under this article. If the employer's internal proce-
43 dures are not completed within ninety days from the date the employee
44 initiates the internal procedures, the employee may file an action under
45 this article and for purposes of this subdivision the employer's inter-
46 nal procedures are considered exhausted. The statute of limitations in
47 subdivision one of this section is tolled until the procedures are
48 exhausted. In no case may the provisions of the employer's internal
49 procedures extend the limitation period in subdivision one of this
50 section more than one hundred twenty days.

51 3. If the employer maintains written internal procedures under which
52 an employee may appeal a discharge within the organizational structure
53 of the employer, the employer shall within fourteen days of the date of
54 the discharge notify the discharged employee in writing or electron-
55 ically of the existence of the internal procedures. The timeframe for
56 the employee to initiate the procedures, if any, begins to run from the

1 date the employer sends or provides a copy of the internal procedures in
2 writing or electronically. A copy of the procedures shall be considered
3 provided to the employee, if the employer sends a copy of the procedures
4 to the employee's last-known postal mailing address and electronic mail-
5 ing address, if provided, or the employee's attorney. If the employer
6 fails to comply with this subdivision, the discharged employee need not
7 comply with subdivision two of this section.

8 4. If a plaintiff commences a civil action for wrongful discharge
9 under this article, the plaintiff shall make service of process pursuant
10 to section three hundred six-b of the civil practice law and rules after
11 filing the complaint. If the plaintiff fails to make service of process,
12 the court, on motion or on its own initiative, shall dismiss the action
13 without prejudice as to a defendant unless that defendant has made an
14 appearance in the civil action. If the plaintiff fails to make service
15 of process, the remaining six-year statute of limitations for a civil
16 action under this article resumes regardless of whether the civil action
17 is dismissed.

18 § 751. Exemptions. 1. This article does not apply to a discharge:

19 (a) that is subject to any other state or federal statute that
20 provides a procedure or remedy for contesting the dispute. The statutes
21 include those that prohibit discharge for filing complaints, charges, or
22 claims with administrative bodies or that prohibit unlawful discrimi-
23 nation based on age, race, creed, color, national origin, sexual orien-
24 tation, gender identity or expression, military status, sex, disability,
25 predisposing genetic characteristics, familial status, marital status,
26 status as a victim of domestic violence and other similar grounds; or

27 (b) of an employee covered by a written collective bargaining agree-
28 ment or a written contract of employment for a specific term.

29 2. For the purposes of this section, a "contract of employment for a
30 specific term" may contain a probationary period pursuant to section
31 seven hundred forty-nine of this article and may contain an automatic
32 renewal clause that automatically renews the contract of employment for
33 one or more successive terms.

34 § 752. Arbitration. 1. A party may make a written offer to arbitrate a
35 dispute that otherwise could be adjudicated under this article.

36 2. An offer to arbitrate shall be in writing and contain the following
37 provisions:

38 (a) A neutral arbitrator shall be selected by mutual agreement or, in
39 the absence of agreement, pursuant to article seventy-five of the civil
40 practice law and rules.

41 (b) The arbitration shall be conducted pursuant to article seventy-
42 five of the civil practice law and rules. If there is a conflict between
43 the provisions of article seventy-five of the civil practice law and
44 rules and the provisions of this article, the provisions of this article
45 shall apply.

46 (c) The arbitrator is bound by this article.

47 3. If a complaint is filed under this article, the offer to arbitrate
48 shall be made within sixty days after service of the complaint and may
49 be accepted in writing within thirty days after the date the offer is
50 made.

51 4. A discharged employee who makes a valid offer to arbitrate that is
52 accepted by the employer and who prevails in such arbitration shall be
53 entitled to have the arbitrator's fee and all costs of arbitration paid
54 by the employer.

55 5. If a valid offer to arbitrate is made and accepted, arbitration is
56 the exclusive remedy for the wrongful discharge dispute and there is no

1 right to bring or continue a lawsuit under this article. The
2 arbitrator's award is final and binding, subject to review of the
3 arbitrator's decision under the provisions of article seventy-five of
4 the civil practice law and rules. However, this subdivision shall not
5 apply if the employer maintains written internal procedures that require
6 arbitration under subdivision two of section seven hundred fifty of this
7 article.

8 § 753. Effect of rejection of offer to arbitrate. If a discharged
9 employee makes a valid offer to arbitrate that is not accepted by the
10 employer and such discharged employee prevails in an action under this
11 article such discharged employee shall be entitled to reasonable attor-
12 neys' fees incurred subsequent to the date of the offer.

13 § 2. Severability clause. If any clause, sentence, paragraph, subdivi-
14 sion, section or part of this act shall be adjudged by any court of
15 competent jurisdiction to be invalid, such judgment shall not affect,
16 impair, or invalidate the remainder thereof, but shall be confined in
17 its operation to the clause, sentence, paragraph, subdivision, section
18 or part thereof directly involved in the controversy in which such judg-
19 ment shall have been rendered. It is hereby declared to be the intent of
20 the legislature that this act would have been enacted even if such
21 invalid provisions had not been included herein.

22 § 3. This act shall take effect on the ninetieth day after it shall
23 have become a law. Effective immediately, the addition, amendment and/or
24 repeal of any rule or regulation necessary for the implementation of
25 this act on its effective date are authorized to be made and completed
26 on or before such date.