STATE OF NEW YORK

5454

2025-2026 Regular Sessions

IN ASSEMBLY

February 14, 2025

Introduced by M. of A. FORREST -- read once and referred to the Committee on Labor

AN ACT to amend the labor law, in relation to establishing a four-day work week pilot program

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

Section 1. This act shall be known and may be cited as the "four-day reduced employment and wellness for time improvement and managed efficiency (FREE TIME) act".

§ 2. The labor law is amended by adding a new section 171 to read as follows:

§ 171. New York smart work week pilot program. 1. Notwithstanding any other law to the contrary, the department shall establish the New York smart work week pilot program to promote, incentivize and support the use of a four-day work week by qualifying employers and to study the benefits and impacts of such work arrangements on participating employees and employers.

2. For the purposes of this section, the following terms shall have the following meanings, unless the context clearly requires otherwise:

a. "Four-day work week" shall mean a situation where employees receive a meaningful reduction in actual work hours without any reduction in overall pay.

b. "Qualifying employer" shall mean an employer operating in the state that enters an agreement to participate in the New York smart work week pilot program pursuant to this section.

3. Within one year of the effective date of this section, the department shall begin accepting applications from employers to participate in the pilot program. The department shall publicize and promote application materials throughout the state and online to make application to the pilot program accessible to all employers in the state. In addition

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

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to any other information required by the department, such applications by qualifying employers shall include:

a. a detailed proposal to establish and implement a four-day work week for the qualifying employer's workforce or a division of the qualifying employer's workforce;

b. a detailed proposal to transition the qualifying employer's workforce or a division of the qualifying employer's workforce from a five-day work week to a four-day work week. Such proposal shall:

(i) apply to at least thirty employees; and

(ii) affirm the qualifying employer's commitment to the program requirements and agree to submit any required surveys or reports as requested by the department; and

c. any other information required by the department.

4. Based on the information provided in the application required pursuant to subdivision three of this section, the department shall select qualifying employers from the applicant pool to participate in the pilot program. The department shall make every effort to select qualifying employers of diverse sizes, occupations, industry sectors and geographical locations to participate in the pilot program and to include veteran-, women- and minority-owned businesses and businesses owned by persons with disabilities. Employers in the public sector may participate in the pilot program but shall not be eligible for tax credits pursuant to subdivision nine of this section.

5. Upon selection to participate in the pilot program, qualifying employers shall enter into an agreement with the department providing that:

a. the qualifying employer shall develop and implement a plan to transition its designated employees, which shall be no less than thirty, to a four-day work week;

b. employees of a qualifying employer that transition to a four-day work week shall not receive a reduction in overall pay, status, or benefits; and

c. the department shall study and evaluate the impact of transitioning to a four-day work week through gathering data relating to qualifying employers and designated employees, including, but not limited to, employee surveys, interviews, and economic data.

6. Qualifying employers shall inform their employees of such employer's participation in the pilot program and shall allow employees to opt out of participation in the pilot program. Employees who choose to participate in the pilot program shall be permitted to opt out of employee interviews, surveys, and any other information gathering methods. Qualifying employers shall notify their participating employees that collection of employee data for the purposes of the pilot program shall be anonymized.

7. The department shall research and collect data on an ongoing basis during the administration of the pilot program. Such research and data shall include, but not be limited to: employee surveys to be conducted at the start, midpoint, and end of the pilot program; employee interviews at the start and end of the pilot program; interviews with the participating employer, or the employer's designee, at the start and end of the pilot program, and no later than December thirty-first of each year for the duration of the pilot program; and economic and administrative data from participating employers on a monthly basis.

8. The pilot program shall have a total duration of no less than two years. Annually, not later than December thirty-first for the duration of the pilot program, the department shall publish a report on the

progress of the pilot program on the department's website and submit such report to the governor, the assembly and the senate. Upon completion of the pilot program, the department shall publish a final report on the department's website and submit such report to the governor, the assembly, and the senate. The final report upon the completion of the pilot program shall include, but not be limited to: the total number of qualifying employers participating in the pilot program; the size, occupation, industry sector and geographical location of qualifying employers participating in the pilot program; demographic information of participating employees, including, but not limited to, age, gender and race; the economic and social impact of a four-day work week on the qualifying employers participating in the pilot program; the impact of a four-day work week on the well-being and work life of participating employees; and any findings or recommendations based on research conducted on four-day work weeks.

9. a. Notwithstanding any general or special law to the contrary, a qualifying employer shall be allowed a credit against the tax liability imposed by article twenty-two of the tax law or the excise due under article nine of the tax law, as applicable, for participation in the New York smart work week pilot program; provided, however, that an employer in the public sector shall not be eligible for such credit. This credit shall terminate at the end of the taxable year in which the pilot program concludes.

b. The commissioner, in consultation with the department of taxation and finance, shall promulgate rules and regulations establishing criteria and procedure for:

(i) an application process for the credit; and

(ii) determining the amount of credit to be issued pursuant to this subdivision.

c. To be eligible for a credit pursuant to this subdivision, a qualifying employer shall have:

(i) participated in the pilot program for no less than one year; and

(ii) submitted a report to the department detailing the qualifying employer's transition to a four-day work week, including data collection as required pursuant to subdivision seven of this section.

d. Prior to the issuance of any credit, the department shall confirm that the qualifying employer has maintained compliance with its proposal submitted to the department pursuant to subdivision three of this section.

e. The department, in consultation with the department of taxation and finance, may determine the amount to be credited to a qualifying employer through one or a combination of the following:

(i) a fixed dollar amount, not exceeding two hundred fifty thousand dollars, for each qualifying employer participating in the pilot program;

(ii) a fixed dollar amount, not exceeding five thousand dollars, for each employee of the qualifying employer participating in the pilot program;

(iii) a percentage of the wages paid to each employee of the qualifying employer participating in the pilot program; or

(iv) a dollar amount that assists in offsetting a qualifying employer's costs to hire new employees due to the qualifying employer's participation in the pilot program.

f. The department of taxation and finance shall not issue credit amounts in an aggregate totaling more than fifteen million dollars per fiscal year under this program.

g. The department of taxation and finance, in consultation with the commissioner, shall, annually for the duration of the pilot program and no later than March first of each year, file a report on the tax credit. Such report shall include, but not be limited to, the following:

(i) the total amount of tax credits claimed pursuant to this subdivision; and

(ii) the number of applications and the number of participating employers.

§ 3. This act shall take effect immediately.