STATE OF NEW YORK

9452

IN ASSEMBLY

January 6, 2026

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

AN ACT to amend the labor law, in relation to prohibiting the use of employment promissory notes and other similar provisions; and to amend a chapter of the laws of 2025 amending the labor law relating to enacting the "trapped at work act", as proposed in legislative bills numbers S. 4070-B and A. 584-C, in relation to the effectiveness thereof

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

Section 1. Section 1050 of the labor law, as added by a chapter of the laws of 2025 amending the labor law relating to enacting the "trapped at work act", as proposed in legislative bills numbers S. 4070-B and A. 584-C, is amended to read as follows:

§ 1050. Definitions. For purposes of this article:

1. "Employer" means [~~an individual, partnership, association, corporation, limited liability company, trust, government or government subdivision, or any organized group that hires or contracts with a worker to work for the employer. For the purposes of this article, this term shall also include any subsidiary of an employer and any individual, partnership, association, corporation, limited liability company, trust, government or government subdivision, or any organized group associated with an employer that provides training to workers~~] **any person, corporation, limited liability company, or association employing any individual in any occupation, industry, trade, business or service including the state and its political subdivisions**.

2. [~~"Worker" means an individual who is permitted to work for or on behalf of an employer. The term "worker" includes an employee, independent contractor, extern, intern, volunteer, apprentice, sole proprietor who provides a service or services to an employer or to a client or customer of an employer on behalf of such employer, and an individual who provides service through a business or nonprofit entity or association. "Worker" does not include an individual, even if the individual performs incidental service for the employer, whose sole relationship~~

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

~~with the employer is as a vendor of goods~~] "Employee" means any person employed for hire by an employer in any employment.

3. "Employment promissory note" means any instrument, agreement, or contract provision that requires [~~a worker~~] an employee to pay the employer, or the employer's agent or assignee, a sum of money if the [~~worker leaves such employment~~] employee's employment relationship with a specific employer terminates before the passage of a stated period of time. [~~"Employment promissory note" includes any such instrument, agreement, or contract provision which states such payment of moneys constitutes reimbursement for training provided to the worker by the employer or by a third party.~~]

4. "Transferable credential" shall mean any degree, diploma, license, certificate, or documented evidence of skill proficiency or course completion that is widely recognized by employers in the relevant industry as a qualification for employment, independent of the employer's specific business practices, or that provides skills or qualifications that demonstrably enhance the employee's employability with other employers in the relevant industry. Notwithstanding the foregoing, a "transferable credential" shall not include:

(a) Employer-specific or non-transferable training. (i) Instruction regarding the employer's proprietary processes, proprietary systems, internal policies, proprietary software, or proprietary equipment unique to the employer, or (ii) instruction that does not qualify the employee for a new occupational title, classification, or industry-recognized credential and instead consists of skillful variations of general processes known to the relevant trade or industry.

(b) Mandated safety and compliance training. Any training required by federal, state, or local law to maintain workplace safety, including but not limited to OSHA certifications, sexual harassment prevention, or diversity training.

§ 2. Section 1052 of the labor law, as added by a chapter of the laws of 2025 amending the labor law relating to enacting the "trapped at work act", as proposed in legislative bills numbers S. 4070-B and A. 584-C, is amended to read as follows:

§ 1052. Prohibiting the use of employment promissory notes and other similar provisions. 1. [~~Beginning on the effective date of this article, no~~] No employer may require, as a condition of employment, any [~~worker~~] employee or prospective [~~worker~~] employee to execute an employment promissory note. The execution of an employment promissory note as a condition of employment is unconscionable, against public policy, and unenforceable, and any such note shall be null and void. If any such note is part of a larger agreement, the invalidity of such note shall not affect the other provisions of such agreement.

2. Nothing in this section shall prohibit or render void or unenforceable any agreement between [~~a worker~~] an employee and an employer that:

(a) requires the [~~worker~~] employee to [~~repay to the employer any sums advanced to such worker by the employer, unless such sums were used to pay for training related to the worker's employment with the employer;~~

~~(b) requires the worker to pay the employer for any property it has sold or leased to such worker;~~] reimburse the employer for the cost of tuition, fees, and required educational materials for a transferable credential that meets all of the following requirements:

(i) The agreement is set forth in a written contract that is offered separately from any contract for employment.

(ii) The agreement does not require the employee to obtain the transferable credential as a condition of employment.

(iii) The agreement specifies the repayment amount before the employee agrees to the contract, and the repayment amount does not exceed the cost to the employer of the tuition, fees, and required educational materials for the transferable credential received by the employee.

(iv) The agreement provides for a prorated repayment amount during any required employment period that is proportional to the total repayment amount and the length of the required employment period and does not require an accelerated payment schedule if the employee separates from the employment.

(v) The agreement does not require repayment to the employer by the employee if the employee is terminated, except if the employee is terminated for misconduct.

(b) requires the employee to pay the employer for any property the employer has sold or leased to the employee, as long as such sale or lease was voluntary.

(c) requires the employee to repay a financial bonus, relocation assistance, or other non-educational incentive or other payment or benefit that is not tied to specific job performance, unless the employee was terminated for any reason other than misconduct or the duties or requirements of the job were misrepresented to the employee.

[~~(c)~~] **(d)** requires educational personnel to comply with any terms or conditions of sabbatical leaves granted by their employers; or

[~~(d)~~] **(e)** is entered into as part of a program agreed to by the employer and its [~~workers'~~] **employees'** collective bargaining representative.

§ 3. Subdivision 2 of section 1053 of the labor law, as added by a chapter of the laws of 2025 amending the labor law relating to enacting the "trapped at work act", as proposed in legislative bills numbers S. 4070-B and A. 584-C, is amended to read as follows:

2. **An employee or prospective employee who is aggrieved by a violation of this article may file a complaint with the commissioner.** Any employer [~~found~~] **determined by the commissioner** to have violated this article shall be fined by the commissioner not less than one thousand dollars and not more than five thousand dollars for each violation. **In assessing the amount of the penalty, the commissioner shall give due consideration to the size of the employer's business, the good faith basis of the employer to believe that its conduct was in compliance with the law, the gravity of the violation, and the history of previous violations.** Each [~~worker~~] **employee** or prospective [~~worker~~] **employee** whom an employer required to execute an employment promissory note or against whom an employer seeks to enforce such a note shall constitute a separate violation of this article.

§ 4. Section 3 of a chapter of the laws of 2025 amending the labor law relating to enacting the "trapped at work act", as proposed in legislative bills numbers S. 4070-B and A. 584-C, is amended to read as follows:

§ 3. This act shall take effect [~~immediately~~] **one year after it shall have become a law**.

§ 5. This act shall take effect immediately; provided, however, that sections one, two, and three of this act shall take effect on the same date and in the same manner as a chapter of the laws of 2025 amending the labor law relating to enacting the "trapped at work act", as proposed in legislative bills numbers S. 4070-B and A. 584-C, takes effect.