

New York

New York Amends Trapped at Work Act

On Feb. 13, 2026, New York [amended](#) the Trapped at Work Act (Act). The Act, which bans “stay-or-pay” contracts, was originally signed into law on Dec. 19, 2025, and took effect immediately. The amendment clarifies the Act’s scope, expands exceptions to the Act and delays the effective date until **Feb. 13, 2027**.

Background

Under the original Act, employers were prohibited from requiring any worker or prospective worker to enter into an agreement, as a condition of employment, that requires the worker to pay the employer, or the employer’s agent or assignee, a sum of money if the worker leaves employment before the passage of a stated period of time (commonly referred to as a stay-or-pay agreement), subject to certain exceptions.

Changes Under the Amendment

Clarifying Provisions

Under the amendment, the Act is limited to agreements with employees or prospective employees (rather than any worker). The amendment also clarifies that prohibited stay-or-pay agreements include those that require an employee to pay an employer if their employment terminates before a certain date (regardless of whether the employee or the employer terminates employment).

Expanded Exceptions

The amendment also modifies and expands agreements that are permissible under the Act. Under the amendment, permissible agreements include those that:

- Require the employee to reimburse the employer for the cost of tuition, fees and required educational materials for a transferable credential if the agreement:
 - Is in a separate written contract;
 - Does not require the employee to obtain the credit as a condition of employment;
 - Specifies the repayment amount before the employee agrees to the contract, and the repayment amount does not exceed the cost to the employee;
 - Provides for a prorated repayment amount during any required employment period that is proportional to the repayment

Highlights

Dec. 19, 2025

New York enacted the Act to ban stay-or-pay provisions in most agreements.

Feb. 13, 2026

New York amends the Act to clarify its provisions and delay its effective date.

Feb. 13, 2027

The Act takes effect.

amount and employment period and does not require accelerated payment if the employee separates from employment; and

- Does not require repayment if the employee is terminated (other than for misconduct);
- Require the employee to pay the employer for any property it has sold or leased to the employee, if such sale or lease was voluntary;
- Require the employee to repay a financial bonus, relocation assistance, or other noneducational incentive or other payment or benefit that is not tied to job performance, unless the employee was terminated for any reason other than misconduct or the job duties were misrepresented to the employee;
- Require educational personnel to comply with any terms or conditions of sabbatical leave granted by their employer; or
- Are entered into as part of a collective bargaining agreement.

Revised Enforcement Provisions

The amendment clarifies that employees or applicants may file complaints with the New York State Department of Labor. The penalties otherwise remain the same (i.e., employers may be subject to fines ranging from \$1,000 to \$5,000 per violation, and employers who sue employees to enforce unenforceable agreements may be required to pay attorney fees).

Next Steps for Employers

Employers should review existing contract templates to ensure they do not contain any unlawful stay-or-pay provisions prior to the Act's delayed effective date. Employers may also consider revising any unlawful contracts or repayment programs to comply with one of the amended Act's enumerated exceptions.
