

# National State Employment Law Update – Changes to Look Out for in the Second Half of 2025

## Labor & Employment Law Update

By Kevin Kleine and Sara Zorich on August 25, 2025

As employers keep their eye on compliance, below are some notable employment law changes that will be effective in the coming months.

### Arkansas

- Effective August 4, 2025 - Senate Bill 598 (S.B. 598) requires an employer or agency charged with determining the employment status of an individual to use the method proscribed under the Internal Revenue Service Code, as it existed on Jan. 1, 2025, in making its determination. Employers and agencies charged with determining the employment status of an individual can no longer use or rely on state law to make this determination.

### California

- Effective January 1, 2026, Senate Bill 648 (S.B. 648) permits California's labor commissioner to investigate employers and issue citations for tip theft. The legislation subjects employers to investigation if they take or withhold any portion of an employee's tips, including failure to pay tips in timely manner (by the next regular payday). Employers found guilty of unlawfully taking or withholding tips are subject to the same civil penalties as those for violating the state's minimum wage laws.

### Connecticut

- Effective October 1, 2025, House Bill 7236 (H.B. 7236) amends Connecticut's Fair Employment Practices Act to add victims of sexual assault or human trafficking as protected classes. The legislation prohibits employers from discriminating based on an individual's status as a victim of sexual assault or human trafficking, except in cases of a bona fide occupational qualification or need. It also requires employers to allow qualifying employees to take a reasonable leave of absence to address the effects of sexual assault or human trafficking for themselves or their children if their children are victims of sexual assault or human trafficking. Qualifying employees can take a leave of

absence to seek medical attention, obtain psychological counseling and legal or other services, relocate and take other actions for safety, assist in a prosecution, and otherwise participate in legal proceedings.

### Delaware

- Effective July 23, 2025 - House Bill 55 (H.B. 55) amends the state's Fair Employment Practices Act to prohibit employment discrimination based on an individual's military status, except where military status is a bona fide occupational qualification that is reasonably necessary to the normal operation a particular business or enterprise. The legislation allows employers to make distinctions or engage in differential treatment based on military status when permitted by state or federal law or by government contracts. The legislation defines "Military status" as an individual's status as a member of the uniformed services or its reserve components, a veteran, or a service member's dependent.
- Effective July 30, 2025, House Bill 128 (H.B. 128) repeals a provision in Delaware's family-leave insurance law that would have allowed employers to require employees to use any unused accrued paid time off before receiving family-leave insurance benefits. The legislation also requires that employers with state-approved, private family-leave programs provide all types of leave available through the state program, including parental leave, medical leave, and family caregiving leave. Employer-provided disability insurance policies may allow disability benefits to be offset by any family-leave benefits.

### Illinois

- Effective August 1, 2025, Senate Bill 1441 (S.B. 1441) amends the Illinois Secure Choice Savings Program Act to require accounts established under the program be IRAs, into which enrollees contribute funds that are invested in investment options established by the Illinois Secure Choice Savings Board. The law requires that a separate account be established for each enrollee and that the accounts be owned by the enrollee and be portable. It also provides that an employer who fails without reasonable cause to enroll an employee in the program within the time provided and fails to remit their contributions is subject to a penalty. However, employers retain the option to set up a qualified retirement plan, including, but not limited to, a defined benefit plan or a 401(k), a Simplified Employee Pension (SEP) plan, or a Savings Incentive Match Plan for Employees (SIMPLE) plan, instead of facilitating their employees' participation in the Secure Choice Savings Program.
- Effective August 1, 2025, Senate Bill 220 (S.B. 220) drops the word "Family" from the Illinois Family Military Leave Act and expands the law to provide leave for military funeral honors. Under the legislation, an employer with 51 or more employees must allow qualified employees to use up to eight hours of paid leave per calendar month to participate in an honor guard detail for a veteran's funeral. The leave is capped at 40 hours per calendar year, or more

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if authorized by their employer or provided for in a collective bargaining agreement. Employees qualify if they are trained to participate in a funeral honors detail at the funeral of a veteran, and they are either a retired or active member of the US armed forces or a member of its reserve components or if they are an authorized provider or a registered member of an authorized provider.

- Effective August 1, 2025, Senate Bill 2164 (S.B. 2164) increases the fees employers must pay to the Illinois Department of Labor for wage payment violations. Employers are now required to pay \$500 for owed wages of \$3,000 or less, \$750 for owed wages between \$3,000 and \$10,000, and \$1,250 for owed wages exceeding \$10,000. The legislation also extends existing penalties and damages to wage claims settled through administrative hearings. Additionally, the Illinois Department of Labor can now take direct action against employers who fail to pay owed wages on time or seek review of an administrative decision, without needing to petition a circuit court.
- Senate Bill 1976 (S.B. 1976) enacts the following new laws in Illinois:
  - o **Workers' Rights and Worker Safety Act:** This new law prohibits Illinois state agencies from amending or revising their rules in ways that make them less protective of worker rights or safety than the provisions of federal wage-and-hour law as it existed on April 28, 2025, unless they are authorized to do so by state legislation enacted after that date. The law also requires state agencies to adopt rules that incorporate those federal provisions if they are repealed, revoked, or amended in ways that make them less protective or if they are newly interpreted as a minimum requirement for the state.
  - o **Safe and Healthy Workplace Act:** This new law requires the Illinois Department of Labor to adopt rules incorporating any federal occupational health or safety standard that is repealed or revoked after Aug. 14, 2025, if no federal standard regulates that issue for employers that aren't subject to the federal Occupational Safety and Health Act. Aggrieved employees, interested parties, or the department can bring a civil action against employers to enforce those rules.
  - o **Occupational Safety and Health Act:** Amendments to this law require the Illinois Department of Labor to adopt a standard incorporating any federal occupational health or safety standard that is repealed, revoked, amended, or newly interpreted after April 28, 2025, in ways that make it less effective at providing safe and healthy employment and workplaces.

## Louisiana

- Effective August 1, 2025 - Senate Bill 66 (S.B. 66) adds military status to the protected characteristics under the state's Fair Employment Practices Act. B. 66 prohibits employment discrimination against members of the uniformed forces of the United States or a reserve component and their dependents or

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spouses.

### Maine

- Effective September 24, 2025 - House Paper 19 (H.P. 19) revises Maine's earned paid leave law to allow employees to carry over accrued and unused paid leave hours from one year to the next. But, the amount of accrued and unused paid leave hours an employee carries over from the previous year can't reduce the total amount the employee is entitled to earn in the current year, up to 40 hours or the accrual limit specified in the employer's paid leave policy, whichever is higher.

### Maryland

Effective October 1, 2025

- Senate Bill 785 (S.B. 785) revises the definition of "employer" under the state's parental leave law to exclude employers who are covered by the federal Family and Medical Leave Act. Beginning October 1, 2025, Maryland employers who are covered by the federal Family and Medical Leave Act (FMLA) are no longer required to comply with the state's unpaid parental leave law.
- House Bill 102 (H.B. 102) postpones the start of Maryland's family-leave insurance program to Jan. 1, 2027, when employers must begin making contributions.

### Minnesota

- Effective January 1, 2026 - **Meal and rest breaks:** Senate File 17 (S.F. 17) amended Minnesota's meal and rest laws. Beginning January 1, 2026, rest breaks must be at least 15 minutes for every four consecutive work hours (instead of adequate time) and provide enough time for employees to use the nearest restroom. Meal breaks must be at least 30 minutes for employees working at least six consecutive hours (instead of sufficient time to eat).
- Effective May 24, 2025, Medical Cannabis Patients: Senate File 2370 (S.F. 2370) requires employers to give employees at least 14 days' notice before taking adverse action based on their status as a medical cannabis patient, including tribal program participants, or for positive cannabis drug tests. The legislation allows employees to sue for injunctive relief if employers violate cannabis drug testing laws, and prohibits retaliation against employees who assert their rights as medical cannabis patients. It also increases the civil penalty for violations of the state's medical cannabis patient protections to \$1,000 from \$100.

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### Missouri

- Effective August 28, 2025 - House Bill 567 (H.B. 567) eliminates Missouri's schedule of minimum wage adjustments as of Dec. 31, 2024, and repeals the adjustments scheduled for Jan. 1, 2027, and annually thereafter based on the Consumer Price Index. The legislation also repeals the state's paid sick leave law that went into effect on May 1, 2025, which was enacted as part of a ballot measure approved by Missouri voters in the November 2024 election.

### Nebraska

- Effective October 1, 2025 - Legislative Bill 415 (L.B. 415) amends the Nebraska Healthy Families and Workplaces Act. Beginning October 1, 2025, the law requires employers to provide eligible employees with paid sick time for personal or family health needs, capped at 40 hours (small employers) or 56 hours (larger employers) annually. B. 415 makes other significant revisions to the Nebraska Healthy Families and Workplaces Act.

### New Hampshire

- Effective January 1, 2026 - House Bill 2 (H.B. 2), beginning January 1, 2026, employers with 20 or more employees must allow employees to take up to 25 total hours of leave to attend their own medical appointments for childbirth or postpartum care or their child's pediatric medical appointments within the first year of the child's birth or adoption. Employers are not required to pay employees for taking this leave. However, employees can substitute any accrued vacation time or any other available paid leave when taking this leave. Employees must be reinstated to their original job/position upon returning from this leave. Employees must provide reasonable notice to their employer prior to the leave and make a reasonable effort to schedule the leave so as not to unduly disrupt the operations of their employer. Employers may request documentation from employees to ensure the leave is being used for its intended purpose.

### Nevada

- Effective October 1, 2025 - Assembly Bill 422 (A.B. 422) requires employers to provide employees who are volunteer members of the state's Civil Air Patrol can take leave to train for emergency missions (up to 10 days) and respond to emergency missions (up to 30 days) in each federal fiscal year without any loss of position, seniority, accrued leave, or benefits. The legislation also eliminates an employer's authority to prohibit those employees from participating in activities for which that leave is authorized.

## Oregon

Effective January 1, 2026

- Senate Bill 1108 (S.B. 1108) allows eligible employees to use leave, earned under the state's sick time law, to donate blood through a voluntary program approved or accredited by the American Association of Blood Banks or the American Red Cross.
- Senate Bill 906 (S.B. 906) requires employers to provide new employees with a written explanation of earnings and deductions listed on itemized wage statements. This explanation, which may be delivered digitally, must include details on the regular pay period, types of pay rates, benefit deductions and contributions, applicable deductions and their purposes, any allowances claimed toward minimum wage, any employer-provided benefits shown on the statement, and all payroll codes used. Employers that violate the law may face civil penalties of up to \$500.

## Texas

- Effective September 1, 2025 – Senate Bill 835 (S.B. 835) bars the enforceability of any nondisclosure or confidentiality provision of an employment agreement that prevents a person from disclosing an act of sexual abuse or facts related to an act of sexual abuse.
- Effective January 1, 2026 - House Bill 149 (H.B. 149) prohibits artificial intelligence systems from using AI in a way that intends to unlawfully discriminate against a protected class in violation of state or federal law. However, the legislation explicitly eliminates disparate impact as a sufficient basis for demonstrating intent to discriminate in the context of AI.

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