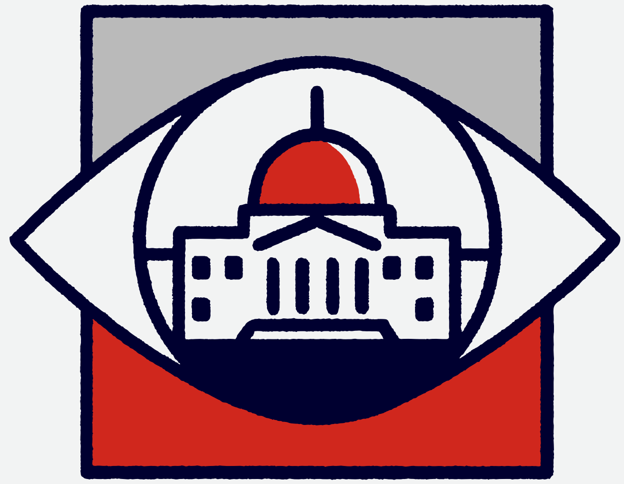
Eye on State and Local Compliance

Timely, topical insights on a variety of HR, payroll, benefits and workforce management issues.



August 25, 2026

State/Territory/District

Illinois bars certain employers from requiring a driver's license in job postings

Impacted employers: Illinois employers with 15 or more employees in the current or preceding calendar year.

Effective date: July 1, 2027

Summary: Illinois has enacted legislation that will prohibit covered employers and employment agencies from including a statement in a job posting that an applicant must have a valid driver's license, unless driving is one of the essential functions of the job and is a business necessity.

Next steps: Covered employers should review their job posting procedures, templates, and recruiting practices. More detailed next steps can be found below.

The details:

Effective July 1, 2027, Illinois will prohibit covered employers and employment agencies from including a statement in any specific job posting that an applicant must have a valid driver's license, unless driving is one of the essential functions of the posted job and is a business necessity.

The law applies to employers with 15 or more employees in the current or preceding calendar year, the agents of such employers, and employment agencies.

If a job requires a valid driver's license, the employer or employment agency must include a brief description in the job posting explaining why a valid driver's license is required.

Next steps:

Covered Illinois employers should:

- Review job postings and job description templates and remove any driver's license requirements unless driving is an essential function of the position and a business necessity.
- For roles that require a valid driver's license, update job postings to include a brief explanation of why the license is required.

Topics covered in this issue:

- Train HR, recruiting staff, hiring managers, and any third-party recruiters on the new restrictions before January 1, 2027.
- Consider consulting legal counsel to help document the business necessity for any position that requires driving.

Illinois expands protections for volunteer emergency workers

Impacted employers: Illinois employers with employees who are volunteer emergency workers.

Effective date: January 1, 2027

Summary: Illinois has enacted legislation that expands job protections for employees who are volunteer emergency workers. Among other changes, the law protects covered employees when they attend required volunteer emergency worker training, not only when they respond to emergencies.

Next steps: Illinois employers should review attendance, leave, paid time off, payroll, and discipline practices for employees who serve as volunteer emergency workers. More detailed next steps can be found below.

The details:

What has changed?

Here's a summary of existing law and the changes effective January 1, 2027:

Existing law	Effective January 1, 2027
Employers are prohibited from terminating an employee who is a volunteer emergency worker because they are absent from or late to work due to responding to an emergency.	Employers are prohibited from terminating **or penalizing** an employee who is a volunteer emergency worker because they are absent from or late to work due to responding to an emergency. **These employees are also protected from such adverse action because they are absent from or late to work due to participating in required volunteer emergency worker training.**
An employer may charge, against the employee's regular pay, any time that an employee who is a volunteer emergency worker loses because of the employee's response to an emergency. The employer is prohibited from requiring the employee to take vacation time or other compensatory time in order to respond to an emergency.	The pay and paid time off rules also apply to **participation in required volunteer emergency worker training**. This means an employer may treat the missed time as unpaid but may not require the employee to use vacation time or other compensatory time for the absence.
The employer has the right to request that the employee provide a written statement from the supervisor or acting supervisor of the volunteer fire department or governmental entity stating that the employee responded to an emergency and the time and date of the emergency. Volunteer emergency workers must make a reasonable effort to notify their employer that they may be absent or late to work due to emergency response.	The documentation and notice rules also apply to **participation in required volunteer emergency worker training**. Employers should update their documentation processes and notice requirements to account for both covered emergency response and required volunteer emergency worker training.

Next steps:

Illinois employers should:

- Update attendance and leave policies as necessary.
- Consider required volunteer emergency worker training as protected time off.
- Prohibit discipline, attendance points, termination, and other adverse action for protected absences or lateness.
- Ensure policies don't require employees to use vacation time or compensatory time for covered emergency response or required training.
- Revise documentation forms as necessary.
- Train supervisors and managers on the changes before January 1, 2027.

Illinois expressly prohibits disparate impact discrimination

Impacted employers: Illinois employers covered by the Illinois Human Rights Act.

Effective date: January 1, 2027.

Summary: Illinois has enacted legislation that generally prohibits disparate impact discrimination (policies or practices that appear neutral but have a disproportionate adverse impact on certain protected individuals).

Next steps: Illinois employers should review screening, selection, and other employment practices. More detailed next steps can be found below.

The details:

Under Illinois law, employers may not use employment criteria or methods that have the effect of subjecting individuals to discrimination based on:

- State-protected characteristics, such as race, color, religion, national origin, ancestry, age, sex, marital status, order of protection status, disability, military status, sexual orientation, pregnancy, reproductive health decisions, or unfavorable military discharge;
- Citizenship status;
- Family responsibilities;
- Work authorization status;
- Arrest records; or
- Conviction records

These criteria or methods are considered unlawful if:

- The employer cannot demonstrate that the criteria or methods are job-related for the position and consistent with business necessity; or
- The employer demonstrates that the criteria or methods are job-related and consistent with business necessity, but the applicant or employee demonstrates that the business necessity could be served by an alternative employment practice with a less discriminatory effect.

For example, a blanket rule excluding anyone with a criminal conviction may disproportionately affect certain protected groups and may violate the law if the employer cannot demonstrate that the rule is job-related and consistent with business necessity, or if the same business need could be served by another practice with a less discriminatory effect.

The law also revises the definition of "unlawful discrimination" to include discrimination occurring "whether by purpose or effect," expressly recognizing disparate-impact claims under the Illinois Human Rights Act.

Next steps:

Illinois employers should:

- Inventory employment policies, screening criteria, selection procedures, and workplace tools, and review them with legal counsel if necessary.
- Avoid using overbroad exclusions, such as blanket disqualification rules that aren't tailored to the job.
- Document job-related reasons and business necessity for each screening or selection rule.
- Review background-check practices to ensure criminal-history criteria are appropriately tailored.
- Train managers to understand that neutral rules may still create risk if they disproportionately affect protected groups.
- Assess vendor-supported tools, such as applicant tracking systems, screening platforms, assessments, and automated decision tools, to understand what criteria are being used and whether they are job-related and supported by business necessity.

Illinois requires certain employers to provide paid jury-duty leave

Impacted employers: Illinois employers with more than 25 employees.

Effective date: January 1, 2027

Summary: Illinois has enacted legislation that will require employers with more than 25 employees to provide paid jury-duty leave.

Next steps: Covered employers should review and update jury-duty and leave and pay policies, supervisor guidance relating to jury services absences, and anti-retaliation policies concerning jury service. More detailed next steps can be found below.

The details:

Background:

Under existing state law, all employers must:

- Give employees time off to serve on a summoned jury.
- Permit jury service regardless of the employee's work shift.
- Not require a night-shift employee to work while serving on daytime jury duty.

To be entitled to jury-duty leave under the law, the employee must:

- Be duly summoned for jury service.
- Provide the employer with reasonable notice of required jury service.

The law defines "reasonable notice" as providing the employer with a copy of the jury summons within 10 days after the summons is issued to the employee.

The law also prohibits all employers from retaliating against an employee because of jury service.

What changed?

Effective January 1, 2027, employers with more than 25 employees must provide paid jury-duty leave by paying employees their regular rate of pay for time spent serving on jury duty. Employers with 25 or fewer employees aren't subject to this requirement.

Next steps:

Covered employers should:

- Budget for paid jury-duty absences.
- Update payroll processes to pay employees their regular rate for jury-duty service.
- Revise jury-duty leave policies.
- Review employee handbooks and leave policies for consistency with the new paid jury-duty requirement.
- Clarify employee notice procedures and include the requirement that employees provide a copy of the summons within 10 days of issuance.
- Reinforce anti-retaliation requirements.
- Ensure managers understand that employees must be allowed time off for jury service.
- Ensure night-shift employees are not required to work while serving daytime jury duty.

Nebraska amends workers' compensation law

Impacted employers: Nebraska employers.

Summary: Nebraska has added protections for workers' compensation records.

Effective date: July 18, 2026

Next steps: Train managers and human resources on the changes under the law.

The details:

Nebraska has enacted legislation (Legislative Bill 455) that codifies definitions and adds certain protections. The law is **effective immediately**.

Background:

As background, certain information contained in workers' compensation injury reports could be publicly disclosed, raising privacy concerns for some employees.

Legislative Bill 455:

Codified workers' compensation definitions:

Among other things, Legislative Bill 455 defines "confidential information" as an employee's name, address, telephone number and email address.

Workers' compensation report record restrictions:

Under the law, when a reportable injury is filed, **the Nebraska Workers' Compensation Court (NWCC)** will send a letter to the affected employee, notifying the worker that:

- A report was filed; and
- The NWCC cannot provide legal advice. An employee is entitled to contact an attorney when a claim is denied, or the employee has questions regarding claim handling.

Additionally, under Legislative Bill 455:

- The employee's report will not be shared or published with an employee's confidential (or other personally identifiable) information (with limited exceptions);
- Workers' compensation reports will remain subject to public records requests (but employee confidential information and other personally identifiable information generally must be redacted before disclosure);
- An employee may waive confidentiality of their workers' compensation report, which will disclose their confidential information; and
- The employee may choose to revoke their waiver.

See **the text of the law** for situations in which the NWCC may release reports.

Next steps:

- Train managers and human resources on the changes under the law.
- Look for information from **the Nebraska Workers' Compensation Court** on how to request an employee's workers' compensation records, where necessary.

New Jersey clarifies job protections under temporary disability and family leave insurance laws

Impacted employers: Employers with employees who are eligible to receive New Jersey Temporary Disability Insurance (TDI) benefits or Family Leave Insurance (FLI) benefits.

Effective date: July 17, 2026

Summary: Eligible New Jersey employees are entitled to job protection while receiving TDI benefits and FLI benefits, with reinstatement rights to their job (or an equivalent position) when the benefits end.

Next steps: Review leave policies and procedures and look for further guidance, regulations, forms, and answers to frequently asked questions from the state.

The details:

The New Jersey Department of Labor (NJDOL) has **released guidance** clarifying that eligible employees are entitled to **up to 26 weeks** of job protection while collecting TDI benefits and **up to 12 weeks** of job protection while collecting FLI benefits.

Employers must allow employees to return to their same job, or one with the same pay, benefits, seniority, and other terms of employment.

Note: Eligibility for TDI/FLI is based on recent earnings and there are **no minimum employer size requirements or work history requirements** with a current employer. Under the guidance, an eligible employee could take up to 38 weeks of leave on their first day of employment without needing to meet FMLA or NJFLA eligibility requirements.

Background:

These protections are based on **an amendment to the NJ Temporary Disability Law** that took effect on **July 17, 2026**, stating that upon the expiration of TDI/FLI benefits, an employee is entitled to job restoration. See the text of the law for further details.

Next steps:

Review leave policies and procedures and look for further guidance, regulations, forms, and **answers to frequently asked questions** from the state.

New Jersey requires employers to pay fee for employees receiving state Medicaid

Impacted employers: Employers with 50 or more Medicaid beneficiaries.

Key dates:

- Enforcement date: July 1, 2026.
- Notification date: On or before March 1 of each year, employers will be notified of their fee and filing information. Employers must pay the fee by April 15.
- Beginning July 1, 2027, certain types of employees will be excluded from fee calculations.

Summary: Covered employers must pay a fee for employees and their dependents who receive New Jersey Medicaid benefits.

Next steps: Look for communications from the state regarding fee assessments and processing.

The details:

New Jersey has enacted legislation, Assembly Bill 5324, which requires certain employers whose employees receive benefits through the New Jersey Medicaid program to pay fees to help defray program costs. The assessment will be enforced as of **July 1, 2026**.

Covered employers:

Under the law, the following employers must pay these fees for each covered employee and dependent receiving New Jersey Medicaid benefits:

- 50-249 employees that receive Medicaid benefits: $325 per person
- 250-499 employees that receive Medicaid benefits: $525 per person
- 500 or more employees that receive Medicaid benefits: $725 per person

Note: An employer is not required to pay the fee for any employee or a dependent of the employee who has **a disability**.

Exemptions:

Beginning July 1, 2027, part-time, per diem, temporary, and seasonal employees, or employees who are employed for fewer than 90 days, will not be included for coverage purposes when calculating the number of employees receiving Medicaid benefits.

The law will provide a credit/refund for fees paid before July 1, 2027, for the above employees who would have qualified for this exemption prior to July 1, 2027. See **the text of the law** for further details.

Notice:

Employers will receive a notice from **the New Jersey Division of Revenue and Enterprise Services** (the Division) **on or before March 1 of each year**, indicating the number of employees and dependents receiving Medicaid benefits, and notifying the employer that they must:

- **Pay the fee** (through an electronic method specified by the Division, which may include electronic funds transfer, payment card, or any other electronic method approved by the Division); and
- **File the required information** for payment processing and tracking. Filing information must be submitted over the Internet or through any other electronic method approved by the Division.

Note: All payments and filings are due **on or before April 15**.

Nondiscrimination:

Under the law, employers cannot use information about a candidate's status as a state Medicaid beneficiary when making decisions about offering or retaining employment.

Note: **The New Jersey Civil Rights Act** also protects applicants from adverse employment decisions under the law.

Recordkeeping:

Under the law, individually identifiable information about an employee (or dependent) who receives state Medicaid benefits is confidential and privileged. See **the text of the law** for further details.

Penalties:

Employers may face penalties for failing to pay the fee or for improperly classifying employees to avoid the fee. See **the text of the law** for details on penalties, the appeals process and refunds.

Next steps:

Look for communications from the state regarding fee assessments and processing.

Local

San Francisco expands Fair Chance Ordinance

Impacted employers: Employers who have five or more employees and are located or doing business in San Francisco.

Effective date: August 10, 2026

Summary: San Francisco has amended its Fair Chance Ordinance (FCO) to prohibit covered employers from considering certain out-of-state arrests or convictions involving conduct that is lawful in California. The amendment also revises the processes for adverse actions based on criminal histories.

Next steps: Employers subject to the FCO should review criminal history screening policies, adverse-action procedures, and hiring documentation to help comply with the amended ordinance.

The details:

Background:

The FCO:

- Applies to employers who have five or more employees worldwide and are located or doing business in San Francisco;
- Covers positions in which the employee works or will work at least seven hours per week in San Francisco;
- Prohibits covered employers from asking about arrest or conviction records until after a conditional offer of employment;
- Bars covered employers from ever considering certain types of information, such as a conviction that is more than seven years old (unless the position being considered supervises minors or dependent adults); and
- Contains disclosure and notice requirements for employers that intend to use permitted criminal history information, including a notice prior to taking any adverse action.

Amendment:

Effective August 10, 2026, the amendment prohibits covered employers from using out-of-state criminal convictions or arrests for conduct that is lawful in California related to:

- Abortion-related healthcare
- Drag performances
- Gender-affirming care
- Spontaneous abortion

Review **the text of the amended ordinance** for definitions of these terms.

Pre-adverse action process:

The amendment also revises the pre-adverse-action process. Specifically, if an applicant or employee provides evidence that a conviction record is inaccurate or submits evidence of rehabilitation or other mitigating factors within seven days after receiving a pre-adverse-action notice, the amended ordinance requires employers to acknowledge receipt **within 14 days**.

The employer must then delay any adverse action for a reasonable period **after providing a response to confirm receipt** of the information, and during that time must reconsider the prospective adverse action in light of the information.

Under the amended FCO, if an applicant or employee makes a reasonable factual showing that the proposed adverse action is based solely on a conviction that doesn't qualify as a "directly-related conviction" under the ordinance, the employer must withdraw the proposed adverse action.

Upon taking any final adverse action based upon the conviction history, the employer must notify the individual within 30 days of receipt of the individual's notice of alleged inaccuracy/rehabilitation/mitigating factors. If the individual doesn't provide such a notice, the final adverse action notice is due within 30 days of the pre-adverse action notice.

The amendment also increases administrative penalties for violations and increases liquidated damages available in a lawsuit.

Next steps:

- Review criminal history screening policies and practices to ensure they don't consider out-of-state arrests or convictions related to abortion-related healthcare, gender-affirming care, drag performances, spontaneous abortion, or other covered conduct that is lawful in California.
- Update hiring and adverse-action procedures to reflect the amended notice, response, reconsideration, and timing requirements.
- Train anyone involved in the hiring process on the expanded restrictions and revised pre-adverse-action process.
- Update FCO forms and templates, including pre-adverse-action and final adverse-action notices, to comply with the new requirements.
- Consult legal counsel regarding any hiring decisions involving criminal history to ensure compliance with the amended ordinance and other applicable federal, state, and local fair-chance laws.

Minimum Wage

Minimum Wage Announcements – 7/21/26 – 8/20/26

The following states or localities have announced new minimum wage increases.

State or Locality	Minimum Wage Rate	Minimum Tipped Cash Wage	Effective Date(s)	New or Updated Poster Requirement?	Notes
California	$17.40	$17.40*	1/1/27	Yes	Once available found **here**
Connecticut	$17.48	Not yet announced	1/1/27		Not yet released

*CA does not allow the use of tip credit.

Download a PDF of a comprehensive listing of state and local minimum wage rates.

ADP Compliance Resources

ADP maintains a staff of dedicated professionals who carefully monitor federal and state legislative and regulatory measures affecting employment-related human resource, payroll, tax and benefits administration, and help ensure that ADP systems are updated as relevant laws evolve. For the latest on how federal and state tax law changes may impact your business, visit the ADP ***Eye on Washington*** Web page located at **www.adp.com/regulatorynews**.

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