Eye on State and Local Compliance

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

Septemner 23, 2026

State/Territory/District

Massachusetts sets lower dependent care assistance limit

Impacted employers: All Massachusetts employers.

Effective date: January 1, 2026

Summary of change: Massachusetts does not conform to the federal 2026 dependent care assistance exclusion limit of $7,500 and will continue to allow only a $5,000 exclusion from Massachusetts state income tax (SIT) subject wages.

Next steps: Limit the amount that the employee can utilize for the dependent care assistance exclusion to $5,000 for Massachusetts SIT, although federal law allows an exclusion of $7,500 for federal income tax (FIT).

The details:

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was signed into law. One of its provisions increased the amount of money that an employee can contribute to an employer sponsored dependent care assistance program (DCAP) on a pre-tax basis.

Under previous law, the maximum annual exclusion for dependent care assistance was $5,000 ($2,500 for a married individual filing separately).

The OBBBA increases the exclusion for dependent care assistance up to $7,500 annually ($3,750 for a married individual filing separately) effective for tax years beginning after December 31, 2025.

Massachusetts:

The Massachusetts Department of Revenue (DOR) published "TIR 26-4 Massachusetts Conformity to Certain Provisions in Public Law No. 119-21." For state income tax purposes, Massachusetts generally determines state gross income based on the Internal Revenue Code ("IRC") as amended and in effect on January 1, 2024.

Based on the chart within TIR 26-4, Massachusetts does not conform to Section 70404, Enhancement of the Dependent Care Assistance Program. This is because, pursuant to the Supplemental Budget, new IRC amendments do not apply to the Massachusetts income tax for any taxable year that begins in the calendar year in which they are enacted or any prior taxable year (but not for future taxable years).

Topics covered in this issue:

State/Territory/District

- Massachusetts sets lower dependent care assistance limit
- Oregon adds worker employment authorization documentation protections
- Oregon strengthens hospital and healthcare facility protections
- Oregon strengthens wage theft prevention and construction licensing penalties
- Rhode Island adds grocery store checkout requirements
- South Carolina to require Civil Air Patrol leave
- Washington State requires notice of non-compete prohibition

Minimum Wage

- Minimum Wage Announcements 8/21/26 – 9/20/26

Pursuant to Massachusetts Department of Revenue **TIR 26-4**: Massachusetts Conformity to Certain Provisions in Public Law No. 119-21 and Massachusetts' general conformity to the Internal Revenue Code as amended and in effect on January 1, 2024, Massachusetts does not conform to the federal IRC §129 dependent care assistance exclusion limit increase to $7,500 for 2026. Accordingly, only the first $5,000 of dependent care assistance remains excludable from Massachusetts personal income tax wages.

Oregon adds worker employment authorization documentation protections

Impacted employers: All Oregon employers.

Effective date: June 5, 2026

Summary: An Oregon employer cannot take adverse actions against an employee who, based on a lawful change to their federal employment authorization documentation, updates or attempts to update their personal information.

Next steps: Oregon employers should update their recordkeeping policies and procedures and train managers on the changes under the law.

The details:

Oregon has enacted legislation (House Bill 4111) that prohibits an employer from discharging, or discriminating, retaliating or otherwise taking adverse action against an employee who updates or attempts to update their personal information based on a lawful change in the employee's federal employment authorization documentation. House Bill 4111 is effective **immediately.**

Note: An employer may take actions necessary to comply with federal employment authorization verification requirements. See **the text of the law for further details**.

Next steps:

Oregon employers should review and update their recordkeeping policies and procedures and train managers on the changes under House Bill 4111.

Oregon strengthens hospital and healthcare facility protections

Impacted employers: Oregon hospitals and healthcare facilities. See below for further details.

Effective date: June 5, 2026

Summary: Oregon has enacted legislation strengthening hospital and healthcare facility workplace protections.

Next steps: Oregon employers should review and update their workplace safety policies and procedures and train managers on the changes under the law.

The details:

Oregon has enacted legislation (Senate Bill 1570) that strengthens workplace protections for hospitals and healthcare facilities. Senate Bill 1570 is effective **immediately**.

Hospital policy and procedure requirements:

Under the law, **a hospital** must adopt and maintain written policies and procedures that:

- Address how it will respond when a law enforcement authority arrives; and
- Identify at least one administrator for the hospital in a supervisory role who is designated to respond when a law enforcement authority arrives.

The hospital must also designate areas of the hospital that are not open to the public (for the purpose of responding to a law enforcement authority's arrival at the hospital). These areas must include patient rooms and areas where entry or access is controlled.

Healthcare facilities nonretaliation requirements:

Senate Bill 1570 also prohibits a healthcare facility (a hospital or **federally qualified health center**) from retaliating or taking disciplinary action against an employee who distributes informational or educational materials about immigrant rights and available immigration legal services if the materials are published or made available by a state agency.

Protected information requirements:

Under the law, a healthcare provider that is a healthcare facility must treat information concerning an individual's citizenship, immigration status, or country of birth in the same way they are required to treat protected health information under state law.

Note: The healthcare facility may not disclose the above information to a law enforcement agency unless required to do so by state or federal law, or court order. See the **text of the law** for further details.

Next steps:

Oregon employers should review and update their workplace safety policies and procedures and train managers on the changes under the law.

Oregon strengthens wage theft prevention and construction licensing penalties

Impacted employers: Oregon employers.

Effective date: January 1, 2027

Summary: Oregon has expanded the definition of theft of services and strengthened penalties for direct contractors and subcontractors who knowingly contract with construction labor contractors who are not properly licensed.

Next steps: Oregon employers should review the changes under the law.

The details:

Oregon has enacted legislation (House Bill 4089) that expands the definition of theft of services and strengthens licensing requirements for construction contractors. House Bill 4089 is effective **January 1, 2027**.

Wage theft prevention:

As background, Oregon **protects workers against the theft of services**. House Bill 4089 clarifies that a person commits the crime of theft of services when they try to avoid **full or partial** payments for the services.

The law also states that a network of Oregon agencies will develop methods to collect and share information about individuals whose actions may constitute theft of services and who do not comply with taxation or employment laws.

Construction license penalties:

As background, **Oregon law** requires construction labor contracts to meet certain licensing requirements.

House Bill 4089 sets penalties when a direct contractor or subcontractor knowingly enters into a contract with a construction labor contractor who is required to be licensed but is not properly licensed. See **the text of the law** for further details.

Next steps:

Oregon employers should review the changes under the law by **January 1, 2027**.

Rhode Island adds grocery store checkout requirements

Impacted employers: Certain Rhode Island grocery stores.

Effective date: January 1, 2027

Summary: Covered employers must meet certain staffing and checkout standards.

Next steps: Review the staffing and operations requirements under the law to comply by January 1, 2027.

The details:

Under the law, Rhode Island **grocery stores** must meet certain staffing and checkout standards. House Bill 7290-A takes effect **January 1, 2027**.

Required staffing ratio:

Under House Bill 7290-A:

- **A manual checkout station** is a checkout station at which a human operator assists shoppers by scanning, bagging, and accepting payment for purchases; and
- **A self-service checkout** is an automated process that enables shoppers to scan, bag, and pay for their purchases without human assistance.

Rhode Island grocery stores with self-service checkout stations must have at least one manual checkout station in operation for every three self-service checkout stations in operation. Additionally, stores must maintain at least one manual checkout station that complies with the **Americans with Disabilities Act (ADA)**.

Note: An employee must be relieved of all other duties while monitoring a self-service checkout station, including, but not limited to, operating a manual checkout station.

Exceptions:

Grocery stores are not required to fulfill the check-out station staffing ratio during:

- **Off-peak hours** (before 8:00 a.m. and after 8:00 p.m., local time, on a calendar day).
- **A declared state of emergency** that affects the geographic area where the establishment is located, or when a severe weather alert is in effect for the geographic area in which the establishment is located. The exemption applies only:
  - During the period the severe weather alert is in effect, as issued or extended by the National Weather Service (NWS) or applicable state or local emergency management authority; and
  - The establishment does not require any employee to report to or remain at work in conditions the employee reasonably believes pose an imminent threat to their personal safety due to the severe weather event.

Nonretaliation:

A covered employer is prohibited from **retaliating against an employee who submits a complaint** alleging their employer violated the law.

Penalties:

An employer found to have violated the law may receive a written warning for the first violation, and face fines up to $500 per day (when multiple violations are made by the same grocery store at the same location). See **the text of the law** for further details.

Next steps:

- Review the staffing, ADA, and nonretaliation requirements to help comply with the law; and
- Monitor for further rules from **the Rhode Island Department of Labor and Training (DLT)**.

South Carolina to require Civil Air Patrol leave

Impacted employers: All employers.

Effective date: October 1, 2026

Summary: Employers must provide emergency response leave and training leave to eligible employees for certain Civil Air Patrol purposes.

The details:

South Carolina has enacted legislation (Act 250), requiring employers to provide emergency response leave and training leave to members of **the official civilian auxiliary of the United States Air Force (the Civil Air Patrol)**. Act 250 is effective **October 1, 2026**.

Leave:

Under the law, starting October 1, 2026, employers must provide eligible employees with the following amounts of Civil Air Patrol leave per calendar year:

- **Emergency response leave** (up to 30 days) for emergency service operations.
- **Training leave** (up to 10 days) for training and proficiency activities, which includes qualifying training conducted by **the Civil Air Patrol, the U.S. Air Force, the Federal Emergency Management Agency (FEMA)**, or other emergency management organizations.

See **the text of the law** for further definitions and details.

Note: Private employers are not required to pay employees for Civil Air Patrol leave.

Employers must restore employees to the same (or an equivalent) position after the leave, except for reasons that are unrelated to the leave.

Exceptions:

An employer may deny Civil Air Patrol leave to an employee who is designated as an essential employee, or an employee who must respond to the same or simultaneous emergency service operations for a local, state or federal agency as a first responder, emergency manager, or other emergency services personnel.

Note: Employers may accommodate leave when an employee's absence would not create operational harm.

Accrual and carryover:

The Civil Air Patrol leaves must be available in a lump sum at the start of each calendar year, and unused leave does not carry over from year to year.

An employer may also choose to:

- Provide additional leave; or
- Allow employees to convert up to five days of one leave category to another leave category when one has an insufficient balance.

Employers do not need to pay out unused Civil Air Patrol leave when an employee separates from employment.

Employee notice:

Under the Act, an employee generally must notify a new employer of Civil Air Patrol membership within 30 days of hire.

Note: Employees who are current members of the Civil Air Patrol must notify their employer of their membership by **October 31, 2026**.

Employee emergency operations leave requirements:

Covered employees must also:

- Provide as much notice as possible;
- Provide approval of their participation in the operation from their Civil Air Patrol group commander or higher authority, the incident commander, or the requesting organization;
- Update their employer periodically on the expected duration of any absence and expected date of return due to an emergency service operation (when possible);
- Inform the employer of their intent to return within eight hours of ending participation in an emergency service operation; and
- Provide proof of participation from the operation's leadership or their designee.

Note: A covered employee must return to work within 18 hours of leaving an emergency service operation or at the start of the next regular workday (whichever is later).

Employee training leave requirements:

Covered employees must provide:

- At least two weeks' notice;
- Their return-to-work date;
- Approval of their participation in the requested training by their Civil Air Patrol group commander (or higher authority); and
- Proof of their participation (including the dates of training) from the training provider or their designee.

Nonretaliation:

Under the Act, an employer generally may not take adverse actions against covered employees for exercising their rights under the law.

Note: Private employers that are found to have violated the law may be required to reinstate employees, among other things. See the **text of the law** for further details.

Next steps:

Update leave policies and procedures and train managers on how to respond to Civil Air Patrol leave requests by **October 1, 2026**.

Washington State requires notice of non-compete prohibition

Impacted employers: **Washington employers**.

Summary: The State of Washington has enacted legislation that will prohibit, with limited exceptions, all non-compete agreements.

Next steps: Washington employers should review all impacted agreements and policies; ban prohibited ones by June 30, 2027; and comply with the written notice requirement by October 1, 2027.

The details:

The State of Washington has enacted legislation (House Bill 1155), which will ban all non-compete agreements (with limited exceptions), regardless of when they were signed, effective **June 30, 2027**. The law will also require employers to notify current and former employees and independent contractors that their non-compete agreements are void and unenforceable by **October 1, 2027**.

Non-competition covenants banned:

Under House Bill 1155, an employer cannot enforce, attempt to enforce, or threaten to enforce a prohibited non-compete agreement; represent a worker who is subject to one; or enter into a prohibited non-compete agreement with a worker.

Note: Certain agreements, including some non-solicitation, confidentiality, trade secret, and education repayment agreements, may remain enforceable. See the **text of the law** for further details.

Employer notice requirement:

House Bill 1155 also requires employers to make reasonable efforts to provide written notice by **October 1, 2027**, to all impacted current and former employees and independent contractors that their non-compete agreements are void and unenforceable.

Next steps:

Washington employers should review all non-compete, non-solicitation, and confidentiality agreements, as well as other impacted policies, by **June 30, 2027** and prepare to comply with the written notice requirement by **October 1, 2027**.

Minimum Wage

Minimum Wage Announcements – 8/21/26 – 9/20/26

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
Flagstaff, AZ	$18.95	$18.95*	1/1/27	Yes	Once available found **here**.
Colorado	$15.71	$12.69	1/1/27	Yes	Once available found **here**.
Denver, CO	$19.84	$16.82	1/1/27	Yes	Once available found **here**.
Minnesota	$11.87	$11.87*	1/1/27	Yes	Once available found **here**.
Minneapolis, MN	$17.02	$17.02*	1/1/27	Yes	Once available found **here**.
St. Paul, MN (101 or more EEs)	$17.02	$17.02*	1/1/27	Yes	Once available found **here**.
St. Paul, MN (6-100 EEs)	$17.02	$17.02*	7/1/27	Yes	Once available found **here**.
St. Paul, MN (5 or fewer EEs)	$15.00	$15.00*	7/1/27	Yes	Once available found **here**.
Nebraska	$15.26	$2.13	1/1/27	**Yes**	

*Flagstaff, AZ and MN do not allow the use of tip credit.

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

ADP Compliance Resources

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Updated on September 23, 2026