

Workplace Legal Alert



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Stay or Pay Agreements Banned

Effective December 19, 2025, New York banned “stay or pay” agreements that require employees to repay employers for training costs if they leave before a specified period.

The “Trapped at Work Act” provides that 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.”

Employment promissory notes are defined as agreements that require “a worker to pay the employer ... a sum of money if the worker leaves such employment before the passage of a stated period of time.” The ban includes provisions that require employee repayment for training provided by the employer or a third party.

The law applies to job applicants, employees, independent contractors, interns, volunteers and apprentices. While there is no private right of action, the law allows recovery of attorneys’ fees when covered individuals are sued by an employer to enforce an unlawful agreement. Additionally, the New York State Labor Department can recover penalties of up to \$5,000 per violation.

Repayment of payroll advances, sign-on bonuses, retention bonuses, for property sold to the worker or other sums advanced that are not used to pay for training costs are not included in the ban. Currently unclear is whether the ban applies retroactively or if tuition assistance is included. Stay tuned.

If you have any questions or concerns, do not hesitate to contact me.

