May 27, 2026

Connecticut Enacts Broad Workforce Legislation Impacting Employer Obligations

After several relatively quiet years, Connecticut's 2026 legislative session produced significant new employment-related laws. On May 11, Governor Ned Lamont signed Public Act 26-12, *An Act Concerning Workforce Development and Working Conditions in the State*, which includes changes affecting wage transparency, employment repayment agreements, disability accommodation notices, lactation accommodations, pay-code disclosures, workers' compensation benefits, construction industry wage liability, and successor-employer obligations for certain service contracts.

In addition, the General Assembly passed Senate Bill No. 5, the C*onnecticut Artificial Intelligence Responsibility and Transparency Act*, which Governor Lamont is expected to sign. Although much of the bill focuses on online safety and artificial intelligence more broadly, it includes provisions that will affect the use of automated tools in recruiting, hiring, promotion, discipline, discharge, and other employment decisions.

Below is a summary of the key provisions affecting employers.

An Act Concerning Workforce Development and Working Conditions in the State

Expanded Wage Transparency Requirements

Effective October 1, 2026, Connecticut's existing wage transparency law will expand to require employers to disclose the wage range and a general description of benefits in internal and public job advertisements. Connecticut's current laws require employers to disclose the applicable wage range for a position to employees and applicants in certain circumstances. The Act changes the definition of “wage range” from the range the employer “anticipates relying on when setting wages” to the range the employer “sets in good faith” for the position. “Benefits” are defined to include health insurance benefits, retirement benefits, fringe benefits, paid leave, and any other compensation other than wages to be offered with the position. These requirements apply to positions performed in Connecticut, as well as positions performed outside Connecticut where the employee reports directly to a supervisor, office, or other worksite located in Connecticut.

If a position has not been advertised, employers must provide the wage range and general description of benefits upon the earlier of the applicant's request or before any discussion of compensation with, or offer of compensation to, the applicant. Employers also must provide current employees with the wage range and benefits information upon hire, upon a change in position, or upon the employee's first request for the wage range.

Employers should review their job posting templates, recruiting practices, and internal promotion or transfer processes to ensure that the required wage range and benefits information are provided at the appropriate time. Employers should pay particular attention to remote employees working in other states who report to supervisors in Connecticut, as the Act's requirements apply to them as well.

Ban on Employment Promissory Notes for All Employers

Effective October 1, 2026, Connecticut's prohibition on employment promissory notes will apply to all employers. Existing law prohibits employers with 26 or more employees from requiring an employee or prospective employee, as a condition of employment, to sign an agreement requiring repayment of certain costs previously paid by an employer on behalf of an employee if the employee leaves before a stated period of time. The Act removes the 26-employee threshold, making the prohibition applicable to all employers.

The statute defines an employment promissory note to include agreements requiring repayment of the cost of training previously provided to the employee. Any such note executed as a condition of employment on or after October 1, 2026, will be void as against public policy. The law does not prohibit certain agreements, including agreements requiring repayment of sums advanced to an employee, agreements requiring payment for property sold or leased to the employee, sabbatical leave agreements for educational personnel, or programs agreed to by an employer and a collective bargaining representative.

ADA Accommodation Notice Requirement

Effective October 1, 2026, employers must provide written notice to employees of their right to reasonable accommodations in the workplace for a disability under the Americans with Disabilities Act. Notice must be provided to new employees at the start of employment, to existing employees within 120 days of October 1, 2026, and to any employee who notifies the employer of a disability within 10 days of that notification.

Employers may satisfy the new notice requirement by displaying, in a conspicuous place accessible to employees, a poster that will be created by the Connecticut Labor Commissioner.

Additional Lactation Accommodation Requirements

The Act mandates that, effective October 1, 2026, employers must provide reasonable break times in addition to the employee's scheduled breaks for an employee to express breast milk for the employee's nursing child or to breastfeed on-site at the workplace. The change clarifies Connecticut's statutory language by making clear that employers have an affirmative obligation under Connecticut law to provide lactation break time beyond an employee's scheduled breaks.

Employers must continue to make reasonable efforts to provide a room or other location, other than a toilet stall, in close proximity to the work area where employees can express milk in private. Absent undue hardship, the location must be free from intrusion and shielded from the public, include or be near a refrigerator or employee-provided portable cold storage device, and include access to an electrical outlet.

Employers should review their lactation policies and physical workplace arrangements to ensure they can provide compliant break time and space.

Pay-Code Guide Requirement for Larger Employers

Effective October 1, 2026, employers with 100 or more employees must create a guide for pay codes—short, alphanumeric abbreviations used by payroll systems to classify different types of earnings, deductions, or time-off hours—used for overtime and the employer's most commonly used pay differentials, which may include shift differentials, on-call pay, hazard pay, call-back pay, holiday or weekend pay, or geographic pay differentials. The guide must include at least 10 pay codes, if applicable, to be posted to the employer's website—if the employer maintains one—in English, Spanish, and the other most common languages spoken by employees, and include contact information for the office or individual who will handle disputes regarding calculations of hours and pay differentials. Employers must update the guide when new overtime pay codes or pay differentials are added. Employers must provide the website address to new hires and include it on each record of hours furnished to employees, or they may provide a written copy of the guide upon hire instead.

Employers using a third-party payroll services company that provides a compliant pay-code guide will be deemed in compliance. Larger employers should coordinate with payroll providers to determine whether existing payroll documentation satisfies the new requirements.

Enhanced Workers' Compensation Benefits for Education and Healthcare Employees Assaulted at Work

Effective October 1, 2026, the Act provides enhanced workers' compensation benefits for certain healthcare and education-sector employees who are injured as a result of a physical or negligent assault while acting within the scope of their duties.

If such an assault results in total or partial incapacity to work, the injured employee is entitled to weekly compensation equal to 100 percent of the employee's average weekly earnings, without application of the usual maximum weekly benefit rate. The law also provides for reimbursement of certain medical or other necessary services and lost wages due to court appearances connected to the assault. Absences resulting from the assault or related court appearances may not be charged against the employee's sick leave, vacation time, or personal leave days.

Healthcare and education employers should review their workers' compensation, leave, and workplace violence policies in light of these new protections.

Construction Industry Wage Liability and Prevailing Wage Recordkeeping

The Act includes several construction-related changes. Effective January 1, 2027, contractors that enter into construction contracts will be jointly and severally liable for unpaid wages owed to employees of subcontractors for labor performed within the scope of the construction contract. Contract provisions waiving or releasing this liability are unenforceable, although contractors may include provisions establishing remedies for liability created by a subcontractor's nonpayment of wages.

Separately, effective October 1, 2026, employers subject to Connecticut prevailing wage requirements must complete daily records for each mechanic, laborer, or worker at a worksite. These daily records must include the project name and location, the date, the worker's printed name or signature and trade license number where applicable, and the worker's arrival and departure times. Employers must maintain these records and submit them weekly to the contracting agency, the Department of Economic and Community Development, or the developer of a covered project, as applicable. Failure to file required daily records is a Class C misdemeanor.

Construction employers should review subcontractor agreements, indemnification provisions, payroll procedures, and recordkeeping practices before these provisions take effect.

Successor Employer Obligations for Certain Service Contracts

Effective July 1, 2027, the Act creates new retention and notice obligations for certain successor employers in connection with service contracts and property transfers at covered locations. Covered locations include, among others, large multifamily residential buildings, commercial centers or office buildings over 75,000 square feet, municipal office buildings or facilities, schools, cultural centers, shopping malls, bank branches, industrial sites, pharmaceutical labs, airports, train stations, warehouses, distribution centers, and independent institutions of higher education.

In general, a successor employer must retain covered employees for at least 90 days from the first performance of services under the successor service contract or following the sale or transfer of the property. Covered employees generally include employees who work at least 16 hours per week and have performed certain care, maintenance, security, janitorial, front-desk, concierge, building superintendent, grounds maintenance, or similar services at a covered location for at least 60 days.

During the 90-day transition period, retained employees may not be discharged without just cause, which must be based solely on the performance or conduct of the particular employee. At the end of the 90-day period, the successor employer must provide a performance evaluation and offer continued employment if the employee's performance is satisfactory.

Employers that bid on service contracts, outsource covered services, or acquire properties with existing service workforces should build these obligations into transition planning.

Other Industry-Specific Provisions

The Act also contains several industry-specific provisions that may be significant for certain employers, including:

- Effective October 1, 2026, cannabis employers may not count gratuities toward the minimum fair wage for employees at cannabis establishments, dispensary facilities, or producers.
- Effective January 1, 2027, and July 1, 2027, respectively, certain first responders may become eligible for mortgage assistance programs and tuition waivers, subject to certification and eligibility requirements.

Connecticut Artificial Intelligence Responsibility and Transparency Act

Senate Bill No. 5 includes several provisions that will affect employers using artificial intelligence (AI) or other automated tools in the workplace. The bill regulates “automated employment-related decision technology,” which includes any technology that processes personal data and uses computation to generate an output—such as a prediction, recommendation, classification, ranking, score, or other information—that is a substantial factor used to make or materially influence an employment-related decision. Employment-related decisions include decisions to hire, promote, discipline,

discharge, renew employment, select an individual for training or apprenticeship, or make decisions concerning tenure or the terms, privileges, or conditions of employment.

Beginning October 1, 2027, employers that utilize automated employment-related decision technology intended to interact with employees or applicants in Connecticut must disclose, in plain language, that they are interacting with the technology, unless a reasonable person would find that fact obvious. This may affect employers using chat-based candidate screeners, automated interview platforms, scheduling tools, or other systems that communicate with applicants or employees.

The bill also imposes a separate pre-decision notice requirement. Beginning October 1, 2027, employers that deploy automated employment-related decision technology to generate output for the purpose of making, or as a substantial factor in making, an employment-related decision must provide written notice before the decision is made. The notice must disclose that the technology is being used, the purpose of the technology and the nature of the employment decision, the technology's trade name, the categories and sources of personal data that will be analyzed or processed, how the personal data will be assessed in reaching the decision, and the employer's contact information.

For employers relying on third-party vendors, the bill requires developers of automated employment-related decision technology to provide employers with the information needed to satisfy the disclosure and notice obligations, but only where the technology was advertised, marketed, configured, contracted for, sold, or licensed to be used to materially influence an employment-related decision. Developers and employers may contract for the developer to assume some or all of the employer's notice obligations, but the contract must clearly identify which duties the developer has assumed.

The bill also amends Connecticut's anti-discrimination statutes to make clear that the use of automated employment-related decision technology is not a defense to a discrimination claim. However, the Commission on Human Rights and Opportunities or a court may consider evidence of anti-bias testing or similar proactive efforts to avoid discrimination, including the quality, efficacy, recency, and scope of the testing or efforts, the results, and the employer's response.

Violations of the automated employment-related decision technology provisions are deemed unfair or deceptive trade practices enforceable solely by the Attorney General. The bill does not create a private right of action for violations of these provisions.

The bill also adds a new requirement for employers submitting Worker Adjustment and Retraining Notification (WARN) notices to the Connecticut Department of Labor. Effective October 1, 2026, any employer that serves written notice on the Department of Labor under the federal WARN Act must disclose, in the form and manner prescribed by the Labor Commissioner, whether the layoffs are related to the employer's use of AI or another technological change.

Employers using AI or automated tools in recruiting, hiring, performance management, promotion, discipline, discharge, or other employment decisions should begin inventorying those tools now. Employers also should review vendor agreements to ensure they can obtain the information needed to satisfy the new notice requirements, evaluate whether existing bias-testing and validation practices are sufficient, and develop internal processes for providing required disclosures before October 1, 2027.

Takeaways

Public Act 26-12 and Senate Bill No. 5 reflect some of the more significant Connecticut employment-law developments in recent years. Employers should use the time before the staggered effective dates to review and update policies, notices, agreements, job postings, and payroll practices.

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