



Keeping Up With Compliance Quarterly

2nd Quarter 2026

Keeping up with compliance developments can be difficult and time-consuming. This quarterly update highlights recent legal developments to help your organization stay on top of new requirements and minimize compliance risks.

For more information on these topics, please contact [B_OfficialName].

Recent Federal Developments

DOL Proposes Rule Clarifying Joint-employer Status Under Federal Wage and Hour Laws

On April 22, 2026, the U.S. Department of Labor (DOL) issued a [proposed rule](#) to address joint-employer status under the Fair Labor Standards Act (FLSA), the Family and Medical Leave Act (FMLA), and the Migrant and Seasonal Agricultural Worker Protection Act (MSPA). When a joint-employment relationship exists, those employers are jointly and severally liable for any wages, damages, and other relief owed to employees. This includes paying for all hours the employee worked for all joint employers, and all overtime premiums due. The proposed rule would implement regulatory guidance for determining joint-employer status under the FLSA and align the FLSA analysis with the analysis under the FMLA and MSPA.

EBSA Outlines Shifting Priorities for ERISA Enforcement

The DOL's Employee Benefits Security Administration (EBSA) released a [memorandum](#) on April 14, 2026, outlining its enforcement priorities and guiding principles under the Employee Retirement Income Security Act of 1974 (ERISA). The memorandum reflects an overall shift to prioritize enforcement actions related to violations of the duty of loyalty rather than prudence in the operation of employee benefit plans.

IRS Publishes List of Occupations Qualifying for No Tax on Tips

On April 13, 2026, the IRS issued [final regulations](#) on the "No Tax on Tips" provision enacted under the One Big Beautiful Bill Act (OBBBA). The final regulations are effective on June 12, 2026. Among other provisions, the OBBBA allows certain workers an above-the-line deduction for "qualified tips" and "qualified overtime compensation" for taxable years beginning after Dec. 31, 2024, and ending for taxable years beginning after Dec. 31, 2028. The final regulations list more than 70 occupations of tipped workers that may qualify for the deduction.

CMS Eliminates Medicare Part D Disclosure Obligation for Account-based Health Plans

On April 6, 2026, the Centers for Medicare and Medicaid Services (CMS) issued a [final rule](#) that exempts account-based health plans from creditable coverage disclosure requirements. As background, employers with group health plans that provide prescription drug coverage to individuals who are eligible for Medicare Part D must inform both those individuals and CMS whether that coverage is creditable. CMS is exempting account-based plans, such as health flexible spending accounts (FSAs), health reimbursement arrangements (HRAs) and individual coverage HRAs (ICHRAs), from the creditable coverage disclosure requirements. The change applies to coverage beginning Jan. 1, 2027.

DOL Proposes Rule Addressing Alternative Investments in 401 (k) Plans

On March 30, 2026, the DOL issued a [proposed rule](#) clarifying fiduciary obligations and establishing a safe harbor for the selection of designated retirement investment alternatives. Under the proposal, when selecting investment alternatives, plan fiduciaries would be required to “objectively, thoroughly, and analytically” assess relevant factors, including performance, fees, liquidity, valuation, performance benchmarks, and the investment’s overall complexity. According to the DOL, the proposal would enable plan fiduciaries to consider a wider range of investment options while continuing to satisfy ERISA’s prudence requirements.

DOL Proposes Rule Revising Prevailing Wage Methodology for Foreign Workers

On March 27, 2026, the DOL published a [proposed rule](#) to change how prevailing wages are calculated for employers seeking to hire foreign workers under H-1B, H-1B1, and E-3 visa programs and permanent labor certification under the Permanent Labor Certification program for EB-2 and EB-3 employment-based visa programs. The proposed rule would significantly increase the minimum wages employers must pay across all four prevailing wage levels. According to the DOL, the proposed rule will better align prevailing wage levels with wages paid to U.S. workers who are similarly employed in the occupation and area of intended employment.

OSHA Launches OSHA Cares Initiative

On March 18, 2026, OSHA announced the launch of its [OSHA Cares](#) initiative. This is an agencywide effort focused on helping businesses meet federal workplace safety requirements while building strong, successful safety and health programs that benefit employers and workers. OSHA also recently unveiled an [updated workplace poster](#) that employers are required to display. In addition, OSHA’s Directorate of Enforcement Programs is launching a training program to standardize how compliance safety and health officers provide real-time assistance during inspections and enforcement activities.

IRS Issues Proposed Rules on \$1,000 Pilot Program for Trump Accounts for Children

On March 9, 2026, the IRS issued [proposed rules](#) regarding the \$1,000 pilot program for Trump Accounts. Created by the OBBBA, Trump Accounts are a new type of tax-favored savings account for children under the age of 18 that will be available later in 2026. Under the pilot program, children born between 2025 and 2028 may be eligible to receive a special \$1,000 contribution to their Trump Accounts from the federal government if certain requirements are met. Taxpayers should use IRS [Form 4547](#) to establish Trump Accounts for eligible children and make an election to participate in the pilot program.

DOL Proposes Independent Contractor Rule

On Feb. 27, 2026, the DOL released a [proposed rule](#) that would revise its guidance on how to analyze who is an employee or independent contractor under the FLSA, FMLA and MSPA. The proposed rule would rescind the DOL's independent contractor rule from 2024, with an analysis to distinguish between independent contractors and FLSA-covered employees that comports with federal courts' application of the law. The proposed rule would also clarify that the analysis used to determine independent contractor status under the FLSA should be applied to determine independent contractor status under the FMLA and MSPA, which both incorporate the FLSA's relevant statutory definitions.

NLRB Reinstates 2020 Joint-employer Rule

On Feb. 27, 2026, the National Labor Relations Board (NLRB) released a [final rule](#) reestablishing the 2020 joint-employer rule for determining joint-employer status under the National Labor Relations Act. The final rule took effect immediately. The final rule indicates that a business is a joint employer of another employer's employees only if the degree of control is of sufficient magnitude to conclude that the joint employer meaningfully affects matters relating to the employment relationship.

HHS Updates Model HIPAA Privacy Notices for Part 2 Records

On Feb. 13, 2026, the U.S. Department of Health and Human Services (HHS) released updated [model HIPAA Notices of Privacy Practices](#) (Privacy Notices) for health plans and health care providers to use. HIPAA covered entities must update their Privacy Notices if they receive or maintain patient records regarding substance use disorder treatment provided by a federally assisted treatment program (i.e., a "Part 2 program"). The deadline for making this update was Feb. 16, 2026. According to HHS, its updated model notices reflect the changes for Part 2 records. Self-insured health plans and fully insured health plans that maintain their own HIPAA Privacy Notices should ensure their notices are updated for the new privacy requirements for Part 2 records.

Recent State Law Developments

Virginia Expands Fair Employment Protections

On April 13, 2026, Virginia [amended](#) the Virginia Human Rights Act (VHRA) to expand the employers covered by the law and extend the statute of limitations for filing a complaint of unlawful discrimination. The amendment takes effect July 1, 2026. Under the amended law, the VHRA's provisions on employment discrimination will apply to employers with five or more employees for each working day in each of 20 or more calendar weeks in the current or preceding calendar year, or one or more domestic workers. Also, under the amended law, individuals alleging a violation of the VHRA may file a claim within two years of the alleged violation.

Virginia Requires Severance Benefits for Noncompetes

On April 13, 2026, Virginia passed a [law](#) that will require employers to provide severance in connection with any noncompete agreements. Currently, Virginia prohibits employers from entering into noncompete agreements with employees who earn less than the current average weekly wage in the state or who are classified as nonexempt from the FLSA's overtime pay requirements. Under the new law, noncompete agreements entered into, amended or renewed on or after July 1, 2026, will be unenforceable if the employer does not provide severance benefits or other monetary payment upon termination (other than a termination for cause).

Oregon Enacts Immigration-related Employment Protections

On April 6, 2026, Oregon enacted [House Bill \(HB\) 4111](#), which prohibits employers from discharging, retaliating against or discriminating against an employee because the employee updates or attempts to update their personal information based on a lawful change in their federal employment authorization documentation. The new law, which takes effect on June 5, 2026, clarifies that it is not unlawful for an employer to take actions necessary to comply with federal employment authorization verification requirements.

Wisconsin Adopts Workers' Compensation Reform Bill

On March 30, 2026, the [2025 Wisconsin Act 145](#) was signed into law, enacting a series of revisions to Wisconsin's workers' compensation statutes. The law adjusts certain benefit levels, revises procedural and timing requirements for claims, expands coverage for mental injuries in specified emergency service roles, and strengthens enforcement provisions related to insurance compliance and fraud. The law took effect on April 1, 2026.

Maryland Provides Implementation Guidance for Paid Family and Medical Leave

Maryland recently published [final regulations](#) for its paid family and medical leave insurance (FAMLI) program, covering a range of topics. Of particular interest to employers are new definitions in the regulations, as well as provisions addressing contributions, private plans, supporting documentation, intermittent leave, notice, coordination of bene-

fits and dispute resolution. In addition, the Maryland Department of Labor announced the initial FAMI contribution rate as 0.9% of worker wages and issued [answers to frequently asked questions](#) (FAQs) about the program. After several delayed start dates, FAMI payroll contributions are now scheduled to begin Jan. 1, 2027, with benefits becoming available at some point between that date and Jan. 3, 2028.

Utah Enacts Health Care Workplace Violence Reporting Law

On March 18, 2026, Utah enacted [House Bill \(HB\) 380](#), which requires hospitals to implement a comprehensive workplace violence reporting system that includes mandatory reporting, documentation and analysis requirements. The new law was designed to capture incident data and operationalize it into actionable prevention strategies, reflecting a broader regulatory trend toward heightened workplace safety compliance in health care. HB 380 goes into effect on May 6, 2026, and hospitals must have their reporting systems in place by Nov. 1, 2026.

Washington State Enacts Noncompete Ban

On March 23, 2026, Washington state enacted a [law](#) banning virtually all noncompete agreements for employees and independent contractors. The new law makes all noncompete agreements void and unenforceable as of June 30, 2027, regardless of when the agreements were entered into. Previously, Washington permitted reasonable noncompete agreements for certain highly compensated employees. By Oct. 1, 2027, employers must make reasonable efforts to provide written notice to current and former employees and independent contractors with whom the employer has an active noncompete agreement that such agreement is void and unenforceable.

3rd Circuit Rejects Heightened Standard for New Jersey Reverse Discrimination Claims

On March 6, 2026, the U.S. Court of Appeals for the 3rd Circuit [ruled](#) that reverse discrimination claims under the New Jersey Law Against Discrimination (NJLAD) do not require more evidence than standard discrimination claims. The 3rd Circuit ruling aligns with a 2025 [ruling](#) by the U.S. Supreme Court (*Ames v. Ohio Department of Youth Services*) regarding claims of reverse discrimination under Title VII of the Civil Rights Act. While the 3rd Circuit's ruling does not impose new obligations on New Jersey employers with respect to the NJLAD, it clarifies that there is a uniform standard for individuals alleging any claim of employment discrimination under the NJLAD, including reverse discrimination, consistent with the *Ames* ruling.

Washington State Passes Law Addressing PFML Taxation

Washington state has enacted House Bill (HB) 2345 in response to an IRS revenue ruling on the federal tax treatment of contributions and payments under state-paid family and medical leave (PFML) programs. The new state law modifies the distribution of employer and employee contributions under PFML between family and medical leave premiums. The law is intended to ameliorate tax obligations under the revenue ruling, but it does not affect how the total premium is divided between employees and employers. The new law will impact the 2027 premium rate split but does not affect the 2026 premium rate or contribution split. The Washington Employment Security Division said it will provide information to employers on how to implement the new premium split later this year.

New York Amends Trapped at Work Act

On Feb. 13, 2026, New York [amended](#) the Trapped at Work Act, which bans employers from entering into stay-or-pay agreements with workers. The Trapped at Work Act was originally signed into law on Dec. 19, 2025, and went into effect immediately. The amendment clarifies the law's scope, expands exceptions and delays the effective date until Feb. 13, 2027. For example, the amendment clarifies that the Trapped at Work Act is limited to agreements with employees or prospective employees (rather than any worker). The amendment also clarifies that prohibited stay-or-pay agreements include those that require an employee to pay an employer if their employment terminates before a certain date (regardless of whether the employee or the employer terminates employment).