

No Credit? No Problem: How New York's New Law Protects Job Seekers

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New York employers can no longer use credit reports in employment decisions, following a law signed by Governor Kathy Hochul last month.

On December 19, 2025, Governor Hochul signed S03072 into law, amending the New York State Fair Credit Reporting Act (Gen. Bus. Law § 380 et seq.). The new law limits how employers can use credit information in hiring. Employers are not allowed to ask for or use an applicant's or employee's credit history to make hiring and employment decisions, except in some instances. The law takes effect on April 18, 2026.

This law is similar to New York City's Stop Credit Discrimination in Employment Act (SCDEA), which became law in 2015. New York is now the eleventh state to pass this kind of law, joining California, Colorado, Connecticut, Hawaii, Illinois, Maryland, Nevada, Oregon, Vermont, and Washington.

The Law's Highlights

The law makes it an unlawful discriminatory practice for an employer, labor organization, employment agency, or their agent to:

1. Request or use the consumer credit history of an applicant or employee for employment purposes
2. Use an applicant's or employee's consumer credit history to discriminate against the individual with regard to hiring, compensation, or other terms, conditions, or privileges of employment, subject to certain exceptions

The law defines "consumer credit history" broadly as "an individual's credit worthiness, credit standing, credit capacity or payment history," as indicated by:

3. A consumer credit report
4. Credit score
5. Information an employer obtains directly from the individual, including,

Details about credit accounts, including the individual's number of credit accounts, late or missed payments, charged-off debts, items in collections, credit limit, or prior credit report inquiries

Bankruptcies, judgments, or liens

It is important for employers to understand that the law's restrictions apply to both applicants and current employees.

Restrictions on Consumer Reporting Agencies

The law also prohibits consumer reporting agencies from providing, for employment purposes, consumer reports that contain consumer credit history unless the employer or position is exempt from the law's protections.

Employers and Positions Exempted under the Law

The law contains several exemptions for the use of an individual's consumer credit history. Specifically, the law does not apply to:

6. Employers required by state or federal law or by a self-regulatory organization (e.g., a non-governmental entity, such as the New York Stock Exchange, that has the power to create and enforce industry regulations and standards) to use an individual's consumer credit history for employment purposes
7. Persons applying for employment as peace officers, police officers, or positions with a law enforcement agency
8. Persons in a position that is subject to background investigation by a state agency, provided, however, that the appointing agency may not use consumer credit history information for employment purposes unless the position is an appointed position with a high degree of public trust
9. Persons in a position in which an employee is required to be bonded under state or federal law
10. Persons in a position in which an employee is required to possess security clearance under federal or state law
11. Persons in a non-clerical position having regular access to trade secrets, intelligence information, or national security information
12. Persons in a position that:
 - Has signatory authority over third-party funds or assets valued at \$10,000 or more, or
 - Involves a fiduciary responsibility to the employer with the authority to enter financial agreements valued at \$10,000 or more on behalf of the employer
13. Persons in a position with regular duties that allow the employee to modify digital security systems established to prevent the unauthorized use of the employer's or client's networks or databases

Effect on NYC Employers

New York City has not allowed employers to use credit checks for job decisions since 2015. While the new law mirrors the exceptions in the city's bill, it does not preempt city law. Instead, it clarifies that applicants and employees are entitled to the broadest protections under all applicable laws.

What Employers Need to Know

With the law taking effect on April 18, employers should review their pre-employment and post-hire processes to ensure compliance by phasing out routine credit checks for job applicants and current employees who are not exempt under the law, and by identifying roles that may fall within the exemption categories.

Porzio's team of [employment attorneys](#) is available to assist employers with compliance with the new law.