

New State Employee Compliance Checklist



A Practical Guide for Employers Hiring, Transferring, or Approving Remote Work in a New State

Hiring an employee in a new state can create more compliance obligations than many organizations expect. Even one employee working remotely from a new state may trigger payroll tax registration, unemployment insurance, workers' compensation coverage, paid leave obligations, wage and hour requirements, required notices, handbook updates, and business registration considerations.

This checklist is designed to help business owners, executives, HR leaders, and growing organizations identify key compliance considerations before hiring an employee in a new state, approving a relocation, or allowing remote work from a new jurisdiction. It can be used as part of a remote work approval process, new state hiring review, payroll setup process, HR compliance audit, growth readiness assessment, or multi-state workforce planning project.

This checklist is not a substitute for legal, tax, payroll, or accounting advice. Employers should consult qualified advisors regarding state-specific obligations, especially before entering a new jurisdiction.

Common Signs a New State Compliance Review Is Needed

Your organization may need a new state compliance review if:

- You are hiring your first employee in a new state.
- A current employee wants to relocate to another state.
- Employees are working remotely from states not previously approved.
- Your company is growing from a single-state to multi-state workforce.
- Payroll has not been set up in the employee's work state.
- You are unsure whether workers' compensation covers the employee's location.
- Your handbook does not include state-specific addenda.
- Your job postings are being advertised nationally.
- You are unsure which state or local paid leave laws apply.
- Managers approve remote work arrangements informally.
- Employees are moving without notifying HR before the move.
- The company is preparing for investment, sale, acquisition, or due diligence.

1. New State Trigger Review

Before approving work in a new state, the organization should determine whether the employee's presence may trigger new employment, tax, payroll, business registration, or operational obligations.

Readiness Item	Complete
Employee's physical work location has been confirmed.	<input type="checkbox"/>
Start date or relocation date has been documented.	<input type="checkbox"/>
Employee's work arrangement has been identified: remote, hybrid, field-based, temporary, or permanent.	<input type="checkbox"/>
Organization has confirmed whether it already has employees in the state.	<input type="checkbox"/>
Organization has identified whether the employee will work in one state or multiple states.	<input type="checkbox"/>
Temporary work or short-term relocation arrangements have been reviewed.	<input type="checkbox"/>
Approval process exists before employees move or work from a new state.	<input type="checkbox"/>
HR, payroll, tax, finance, legal, and leadership stakeholders have been notified where appropriate.	<input type="checkbox"/>

Key questions to consider:

- Is this a new hire, current employee relocation, temporary work arrangement, or business-driven transfer?
- Will the employee work from this state permanently or temporarily?
- Does the company already have payroll, tax, workers' compensation, and HR compliance set up in this state?
- Has the employee already moved or started working there?
- Who has authority to approve new state work arrangements?

2. Business Registration & Foreign Qualification

Hiring an employee in a new state may require the company to register or qualify to do business in that state. Requirements vary based on the company's activities, the employee's role, and state law.

Readiness Item	Complete
Business registration or foreign qualification requirements have been reviewed.	<input type="checkbox"/>
Registered agent requirements have been reviewed.	<input type="checkbox"/>
State business license requirements have been reviewed.	<input type="checkbox"/>
Local business license or registration requirements have been reviewed, if applicable.	<input type="checkbox"/>
Secretary of State registration process has been reviewed, if applicable.	<input type="checkbox"/>
Annual report or ongoing filing obligations have been identified.	<input type="checkbox"/>
Finance, tax, or legal counsel has reviewed potential nexus considerations.	<input type="checkbox"/>
Internal owner has been assigned for registration and renewal obligations.	<input type="checkbox"/>

Potential risk indicators:

- The employee has already started working in the new state before registration was reviewed.
- The company assumes payroll registration is the same as business registration.
- No one owns annual filing or renewal requirements.
- The employee's role involves sales, revenue generation, management, or client-facing activity in the new state.
- The company has not considered tax nexus or business presence implications.

3. Payroll Tax, State Withholding & Unemployment Insurance

Payroll setup is one of the most important steps before an employee begins working in a new state. Employers may need to register for state income tax withholding, unemployment insurance, local taxes, and other employment-related payroll obligations.

Readiness Item	Complete
State income tax withholding requirements have been reviewed.	<input type="checkbox"/>
Employer has registered for state withholding account, if required.	<input type="checkbox"/>
State unemployment insurance registration has been completed, if required.	<input type="checkbox"/>
Local payroll tax obligations have been reviewed.	<input type="checkbox"/>
Paid family leave, paid medical leave, disability insurance, or similar payroll programs have been reviewed.	<input type="checkbox"/>
Payroll provider has confirmed setup for the new state.	<input type="checkbox"/>
Employee tax forms and withholding elections have been collected.	<input type="checkbox"/>
Payroll effective date aligns with employee start date or relocation date.	<input type="checkbox"/>
Pay frequency requirements have been reviewed.	<input type="checkbox"/>
Final pay timing requirements have been reviewed.	<input type="checkbox"/>

Key questions to consider:

- Does the state require income tax withholding?
- Are there local taxes or city-specific requirements?
- Does the state have paid family leave, paid medical leave, disability, or other employer/employee payroll contributions?
- Has the payroll provider confirmed that the employee can be paid correctly from the first payroll cycle?
- Are state unemployment accounts active before wages are reported?

4. Workers' Compensation Coverage

Employers generally need workers' compensation coverage in the state where the employee works. Requirements vary by state, industry, headcount, and employee type.

Readiness Item	Complete
Workers' compensation requirements have been reviewed for the new state.	<input type="checkbox"/>
Current workers' compensation policy covers the employee's new work state.	<input type="checkbox"/>
Insurance carrier or broker has confirmed coverage.	<input type="checkbox"/>
State-specific workers' compensation registration has been completed, if required.	<input type="checkbox"/>
Required workers' compensation notices have been identified.	<input type="checkbox"/>
Injury reporting process has been updated for the new state.	<input type="checkbox"/>
Employee knows how to report a workplace injury.	<input type="checkbox"/>
Remote work injury reporting expectations have been communicated, if applicable.	<input type="checkbox"/>

Potential risk indicators:

- The company assumes its existing policy automatically covers every state.
- The employee is remote, but no one has confirmed workers' compensation coverage for the home work location.
- Injury reporting procedures are not tailored for remote or field-based employees.
- Required workers' compensation notices are not provided to employees working remotely.

5. Wage and Hour Requirements

State wage and hour laws may differ significantly from federal law. Employers should review minimum wage, overtime, exempt salary thresholds, meal and rest breaks, pay frequency, wage statements, travel time, training time, and final pay rules.

Readiness Item	Complete
State and Local minimum wage requirements have been reviewed.	<input type="checkbox"/>
State overtime rules have been reviewed.	<input type="checkbox"/>
Exempt salary threshold requirements have been reviewed.	<input type="checkbox"/>
Exempt/non-exempt classification has been reviewed based on state requirements.	<input type="checkbox"/>
Meal and rest break requirements have been reviewed.	<input type="checkbox"/>
Timekeeping requirements have been reviewed for non-exempt employees.	<input type="checkbox"/>
Travel time, training time, on-call time, and waiting time rules have been reviewed where applicable.	<input type="checkbox"/>
Pay frequency requirements have been confirmed.	<input type="checkbox"/>
Wage statement/pay stub requirements have been reviewed.	<input type="checkbox"/>
Final pay timing and payout rules have been reviewed.	<input type="checkbox"/>
Payroll deductions and reimbursement rules have been reviewed.	<input type="checkbox"/>

Key questions to consider:

- Does the state or city have a higher minimum wage than federal law?
- Does the state have daily overtime or different overtime rules?
- Are meal and rest breaks required?
- Are there state-specific rules for exempt employees?
- Are final wages due immediately, within a short period, or on the next regular payday?
- Are pay stubs required to include specific information?

6. Required State and Local Notices

New employees may need state-specific notices at hire, and existing employees may need notices when they relocate. Required notices can relate to wages, paid sick leave, unemployment, workers' compensation, harassment prevention, leave rights, wage theft prevention, pay transparency, and other employment protections.

Readiness Item	Complete
Required new hire notices have been identified for the employee's work state.	<input type="checkbox"/>
Required wage notices have been prepared, if applicable.	<input type="checkbox"/>
Required paid sick leave or paid leave notices have been prepared, if applicable.	<input type="checkbox"/>
Required unemployment insurance notices have been identified.	<input type="checkbox"/>
Workers' compensation notices have been identified.	<input type="checkbox"/>
Anti-harassment, discrimination, retaliation, or employee rights notices have been reviewed.	<input type="checkbox"/>
Required electronic posting or remote employee notice process has been reviewed.	<input type="checkbox"/>
Notice acknowledgments are collected and retained where appropriate.	<input type="checkbox"/>
Notice update process has been assigned to an internal owner.	<input type="checkbox"/>

Potential risk indicators:

- New hires receive only federal forms and no state-specific notices.
- Remote employees do not have access to required workplace postings.
- Payroll provider handles tax forms but not employment law notices.
- Required notices are not updated when state laws change.
- Signed acknowledgments are not retained.

7. Paid Sick Leave, Paid Family Leave & Other Protected Leave

Many states and localities have their own paid sick leave, family leave, medical leave, pregnancy leave, domestic violence leave, jury duty leave, voting leave, bereavement leave, military leave, and other protected time-off requirements.

Readiness Item	Complete
State paid sick leave requirements have been reviewed.	<input type="checkbox"/>
Local paid sick leave requirements have been reviewed, if applicable.	<input type="checkbox"/>
State paid family and medical leave requirements have been reviewed.	<input type="checkbox"/>
State disability insurance or temporary disability requirements have been reviewed.	<input type="checkbox"/>
Pregnancy, parental, family, medical, and military leave requirements have been reviewed.	<input type="checkbox"/>
Domestic violence, safe time, bereavement, jury duty, voting, school activities, or other protected leave requirements have been reviewed.	<input type="checkbox"/>
PTO or sick leave policy has been updated or supplemented for the new state.	<input type="checkbox"/>
Payroll system can track accruals, balances, usage, and carryover as required.	<input type="checkbox"/>
Managers know how to escalate leave requests.	<input type="checkbox"/>
Required leave notices or policy language have been provided.	<input type="checkbox"/>

Key questions to consider:

- Does the state require paid sick leave?
- Does the city or county have separate sick leave requirements?
- Does the state have paid family leave or paid medical leave contributions?
- Does the company's PTO policy satisfy state and local requirements?
- Can payroll or HRIS track required accruals and carryover?
- Are managers trained not to deny or discourage protected leave?

8. Employee Handbook, State Addenda & Policies

A company handbook may need to be updated when employees begin working in a new state. Some policies can remain company-wide, but others may require state-specific language or supplements.

Readiness Item	Complete
Employee handbook has been reviewed for new state requirements.	<input type="checkbox"/>
State-specific handbook addendum has been prepared, if needed.	<input type="checkbox"/>
Equal employment opportunity, anti-harassment, discrimination, and retaliation policies have been reviewed.	<input type="checkbox"/>
Paid sick leave, PTO, holiday, and leave policies have been reviewed.	<input type="checkbox"/>
Wage and hour, timekeeping, overtime, meal/rest break, and pay practices policies have been reviewed.	<input type="checkbox"/>
Expense reimbursement policy has been reviewed.	<input type="checkbox"/>
Remote work policy has been reviewed.	<input type="checkbox"/>
Workplace safety, workplace violence, and injury reporting policies have been reviewed.	<input type="checkbox"/>
Confidentiality, technology, data security, and equipment policies have been reviewed for remote employees.	<input type="checkbox"/>
Employee acknowledgment has been collected and retained.	<input type="checkbox"/>

Potential risk indicators:

- All employees receive the same handbook regardless of state.
- PTO or sick leave language conflicts with state law.
- Meal and rest break policies are missing for states that require them.
- Expense reimbursement obligations are not addressed.
- Remote work policy does not require prior approval before moving states.

9. Offer Letters, Employment Agreements & Restrictive Covenants

Offer letters and employment agreements should be reviewed before use in a new state. Certain provisions may need to be modified depending on state law, including at-will language, arbitration agreements, confidentiality terms, non-competes, non-solicitation provisions, repayment obligations, bonus language, and restrictive covenants.

Readiness Item	Complete
Offer letter template has been reviewed for the new state.	<input type="checkbox"/>
Employment agreement template has been reviewed, if applicable.	<input type="checkbox"/>
At-will employment language has been reviewed.	<input type="checkbox"/>
Compensation, bonus, commission, or incentive language has been reviewed.	<input type="checkbox"/>
Arbitration agreement has been reviewed for state-specific requirements, if used.	<input type="checkbox"/>
Confidentiality and intellectual property provisions have been reviewed.	<input type="checkbox"/>
Non-compete, non-solicitation, non-interference, or restrictive covenant provisions have been reviewed.	<input type="checkbox"/>
Training repayment, relocation repayment, sign-on bonus clawback, or similar repayment provisions have been reviewed.	<input type="checkbox"/>
Required state-specific notices or exhibits have been included.	<input type="checkbox"/>
Legal counsel has reviewed higher-risk provisions before use.	<input type="checkbox"/>

Key questions to consider:

- Does the offer letter accurately reflect state-specific wage, pay frequency, and leave requirements?
- Are restrictive covenants enforceable in the employee's work state?
- Does the state restrict arbitration agreements or require specific language?
- Are bonus and commission terms clear enough to avoid wage disputes?
- Are repayment provisions lawful and practical in this jurisdiction?

10. Pay Transparency & Job Posting Requirements

Pay transparency laws increasingly affect job postings, candidate communications, employee requests, promotion opportunities, and recordkeeping. Requirements vary by state and sometimes by city.

Readiness Item	Complete
Pay transparency requirements have been reviewed for the new state.	<input type="checkbox"/>
Local pay transparency requirements have been reviewed, if applicable.	<input type="checkbox"/>
Job posting pay range requirements have been identified.	<input type="checkbox"/>
Benefit or other compensation disclosure requirements have been reviewed.	<input type="checkbox"/>
Promotion or transfer posting requirements have been reviewed, if applicable.	<input type="checkbox"/>
Candidate pay range communication process has been updated.	<input type="checkbox"/>
Recruiters and hiring managers understand what must be disclosed and when.	<input type="checkbox"/>
Posted ranges align with actual hiring ranges.	<input type="checkbox"/>
Internal pay range questions from current employees have been anticipated.	<input type="checkbox"/>

Potential risk indicators:

- Job postings are published nationally without considering state-specific pay transparency rules.
- Posted pay ranges are broader than what the company is actually willing to pay.
- Recruiters provide inconsistent compensation information to candidates.
- Current employees see external ranges and raise internal equity concerns.
- Hiring managers do not understand how pay ranges were developed.

11. Benefits, Insurance & Employee Programs

Hiring in a new state may affect benefits eligibility, insurance coverage, state disability programs, paid leave contributions, retirement plan administration, wellness programs, and other employee programs.

Readiness Item	Complete
Benefits eligibility has been confirmed for employees in the new state.	<input type="checkbox"/>
Medical, dental, vision, life, and disability plan availability has been reviewed.	<input type="checkbox"/>
Insurance carrier service areas and provider networks have been reviewed.	<input type="checkbox"/>
State disability, paid family leave, or paid medical leave programs have been reviewed.	<input type="checkbox"/>
Retirement plan eligibility and notices have been reviewed.	<input type="checkbox"/>
COBRA or state continuation coverage requirements have been reviewed.	<input type="checkbox"/>
Wellness programs, stipends, reimbursements, and fringe benefits have been reviewed for state-specific implications.	<input type="checkbox"/>
Benefits broker or advisor has confirmed any required changes.	<input type="checkbox"/>
Employee benefits communication has been updated, if needed.	<input type="checkbox"/>

Key questions to consider:

- Can the employee access the same benefits as employees in other states?
- Are provider networks adequate in the employee's location?
- Are state disability or paid leave programs required?
- Do benefit documents or notices need to be updated?
- Are stipends, allowances, or reimbursements handled properly?

12. Required Training

Some states require specific training based on company size, industry, role, or location. Required training may include harassment prevention, safety, workplace violence prevention, industry-specific training, or employee rights training.

Readiness Item	Complete
Harassment prevention training requirements have been reviewed.	<input type="checkbox"/>
Workplace safety training requirements have been reviewed.	<input type="checkbox"/>
Workplace violence prevention training requirements have been reviewed, if applicable.	<input type="checkbox"/>
Industry-specific training requirements have been reviewed.	<input type="checkbox"/>
Role-specific licensing, certification, or continuing education requirements have been reviewed.	<input type="checkbox"/>
Training completion deadlines have been identified.	<input type="checkbox"/>
Training time is paid where required.	<input type="checkbox"/>
Training records are retained.	<input type="checkbox"/>
Manager training needs have been identified, if the employee will supervise others in the new state.	<input type="checkbox"/>

Potential risk indicators:

- Required state-specific training is missed because the employee is remote.
- Managers supervise employees in a state without understanding local requirements.
- Training completion records are not retained.
- Employees complete required training outside work hours without pay when the time should be compensable.

13. Remote Work, Equipment & Expense Reimbursement

Remote work arrangements should be reviewed before an employee begins working in a new state. State law may affect expense reimbursement, equipment, wage deductions, safety, confidentiality, data security, and working time expectations.

Readiness Item	Complete
Remote work arrangement has been approved in writing.	<input type="checkbox"/>
Remote work agreement or policy has been provided.	<input type="checkbox"/>
Work location and expected work schedule are documented.	<input type="checkbox"/>
Equipment, supplies, internet, phone, and other business expense obligations have been reviewed.	<input type="checkbox"/>
State expense reimbursement requirements have been reviewed.	<input type="checkbox"/>
Timekeeping expectations are documented for non-exempt remote employees.	<input type="checkbox"/>
Overtime approval process is documented.	<input type="checkbox"/>
Data security and confidentiality expectations are communicated.	<input type="checkbox"/>
Work-from-home safety expectations have been communicated.	<input type="checkbox"/>
Process exists for employees to request relocation or temporary work from another state.	<input type="checkbox"/>

Key questions to consider:

- Will the company reimburse home internet, phone, equipment, supplies, or other expenses?
- Are remote employees required to work specific hours?
- How will non-exempt employees track all hours worked?
- Can the employee work from another state temporarily without prior approval?
- Are company data and confidential information protected in the remote environment?

14. Local Jurisdiction Review

In some states, cities or counties may have their own employment requirements. These can include minimum wage, paid sick leave, fair workweek rules, predictive scheduling, local taxes, anti-discrimination protections, required notices, or industry-specific obligations.

Readiness Item	Complete
Employee's city and county work location have been identified.	<input type="checkbox"/>
Local minimum wage requirements have been reviewed.	<input type="checkbox"/>
Local paid sick leave or paid leave requirements have been reviewed.	<input type="checkbox"/>
Local payroll tax or employer tax requirements have been reviewed.	<input type="checkbox"/>
Local scheduling, posting, notice, or employee rights requirements have been reviewed.	<input type="checkbox"/>
Local anti-discrimination, fair chance, salary history, or background check rules have been reviewed.	<input type="checkbox"/>
Local business license or registration requirements have been reviewed.	<input type="checkbox"/>
Internal owner has been assigned to monitor local requirements.	<input type="checkbox"/>

Potential risk indicators:

- The company reviews only state law and misses city-specific requirements.
- The employee works in a city with a higher minimum wage than the state.
- Local sick leave rules differ from state rules.
- Local taxes or business license requirements are overlooked.
- The employee relocates within the same state but into a different city with additional requirements.

15. HR Systems, Payroll & Recordkeeping Setup

Once compliance obligations are identified, HR systems and payroll processes should be updated to support the new state employee. This includes payroll codes, tax setup, leave accruals, timekeeping rules, benefit deductions, notices, and employee records.

Readiness Item	Complete
HRIS has been updated with the employee's correct work location.	<input type="checkbox"/>
Payroll system has been configured for the new state.	<input type="checkbox"/>
Applicable tax withholding and unemployment accounts are active.	<input type="checkbox"/>
Paid sick leave or PTO accrual rules are configured correctly.	<input type="checkbox"/>
Timekeeping settings reflect applicable wage and hour rules.	<input type="checkbox"/>
Benefit deductions and eligibility rules are configured correctly.	<input type="checkbox"/>
Required notices and acknowledgments are stored in the employee record.	<input type="checkbox"/>
Training completion records are stored.	<input type="checkbox"/>
Payroll, HR, and finance know how to identify employees in the new state.	<input type="checkbox"/>
Recordkeeping and retention requirements have been reviewed.	<input type="checkbox"/>

Key questions to consider:

- Can the HRIS and payroll system support the new state's rules?
- Are accruals and deductions configured correctly?
- Are required documents stored in the right location?
- Can HR easily identify employees by work state for future compliance updates?
- Has ownership been assigned for ongoing monitoring?

16. Manager and Employee Communication

Managers and employees should understand the practical implications of working in a new state. Communication should be clear, consistent, and documented.

Readiness Item	Complete
Employee has received state-specific onboarding materials, policies, and notices.	<input type="checkbox"/>
Employee understands timekeeping, overtime, meal/rest break, and leave expectations, if applicable.	<input type="checkbox"/>
Employee understands remote work expectations, if applicable.	<input type="checkbox"/>
Employee knows how to report workplace injuries.	<input type="checkbox"/>
Employee knows how to request leave, accommodations, or workplace support.	<input type="checkbox"/>
Manager understands any state-specific requirements that affect supervision.	<input type="checkbox"/>
Manager knows when to escalate HR, payroll, leave, or employee relations issues.	<input type="checkbox"/>
Communication records and acknowledgments are retained.	<input type="checkbox"/>

Potential risk indicators:

- The employee receives no communication other than a payroll update.
- Manager is unaware that state-specific leave, wage/hour, or reimbursement rules apply.
- Non-exempt remote employees do not understand timekeeping expectations.
- Employees do not know how to report injuries or request protected leave.
- State-specific policies are created but not communicated.

18. Priority Action Plan

After completing the checklist, identify the top priorities that should be addressed before the employee begins working in the new state or as soon as possible if the employee has already started.

Priority	Action Item	Risk Addressed	Owner	Target Date	Status
1					
2					
3					
4					
5					

Suggested prioritization approach:

1. Confirm whether the employee may legally and operationally work from the new state.
2. Review business registration, payroll tax, unemployment, and workers' compensation requirements.
3. Confirm wage and hour, paid leave, pay transparency, and required notice obligations.
4. Update offer letters, handbook addenda, remote work agreements, and onboarding materials.
5. Configure payroll, HRIS, benefits, and leave tracking before the first payroll cycle.
6. Communicate state-specific expectations to the employee and manager.
7. Assign ownership for ongoing compliance monitoring.

Remember

Hiring or approving an employee in a new state can be a smart business decision, but it should be done intentionally. A new work location may trigger obligations across payroll, tax, workers' compensation, wage and hour, leave, benefits, policies, notices, training, and business registration.

The goal is not to discourage remote or multi-state hiring. The goal is to make sure the organization understands the implications before the employee begins working in the new jurisdiction.

A thoughtful new state compliance process helps organizations:

- Avoid payroll and tax setup delays.
- Reduce wage and hour risk.
- Confirm workers' compensation coverage.
- Provide required employee notices and policies.
- Support consistent remote work practices.
- Prepare for pay transparency and local employment law requirements.
- Build a scalable approach to multi-state growth.

As companies grow, remote work and multi-state hiring can create real opportunity. The key is to pair that flexibility with the right compliance infrastructure.



Need Support with New State Employee Compliance?

Auvinsa Consulting helps organizations assess and strengthen HR compliance practices when hiring, transferring, or approving employees in new states. Support may include new state compliance checklists, onboarding document review, handbook addenda, remote work policy review, wage and hour risk assessment, pay transparency preparation, leave policy review, payroll coordination, and HR process improvement.

To learn more, visit auvinsaconsulting.com or schedule a consultation.

Disclaimer: This checklist is provided for general informational purposes only and does not constitute legal, tax, financial, accounting, payroll, or compliance advice specific to any organization. Employment, tax, payroll, registration, and insurance obligations vary by jurisdiction and change over time. Organizations should consult qualified legal, tax, payroll, insurance, and accounting advisors regarding specific state and local requirements.