

2025 Brings New Pay Transparency Requirements to Five States

Beginning January 1, 2025, Illinois, Minnesota, New Jersey, Vermont and Massachusetts joined the growing list of states and municipalities across the country that have enacted pay transparency legislation imposing compensation disclosure obligations on employers. These new laws, which take effect at various points in 2025, will require employers in these jurisdictions to update their job postings and internal procedures to comply with each state's pay transparency requirements.

Following are the key requirements of each new law.

Illinois

Illinois' pay transparency law, which took effect on January 1, 2025, applies to any private employer in Illinois with at least 15 employees. Covered employers must include the following information in any posting for a job that will be physically performed, at least in part, in Illinois or that will report to a supervisor or location in the state:

- The wage or salary, or the wage or salary range, that the employer reasonably expects to offer for the position
- A general description of any bonuses, commissions, stock options or other incentives that the employer reasonably expects to offer for the position
- A general description of all benefits that the employer reasonably expects to offer for the position

This information (or a hyperlink to it) must be included on job postings that are published directly by the employer, as well as those made by third parties engaged by the employer. Prior to posting, the employer must make a good faith determination of the applicable wages, incentive compensation and benefits to be offered for the position.

When making this determination, the employer must reference its current pay scales, actual pay ranges for employees holding equivalent positions and/or the budgeted amounts for the position.

Illinois employers are also required to notify current employees of new promotion opportunities within the organization. This notification must occur no later than 14 days after the date the opportunity is posted externally.

Employers who fail to comply with these notification and disclosure requirements face enforcement actions by the Illinois Department of Labor, as well as penalties ranging from \$500 to \$10,000 per violation.

Minnesota

Beginning on January 1, 2025, employers with at least 30 employees in Minnesota must include the following information in job postings:

- Either the starting pay range or the fixed pay rate for the open position
- A general description of benefits and other compensation for the position

Any pay range must contain the employer's good faith estimate of the minimum and maximum pay rates for the position.

The pay disclosure requirements apply to job postings made directly by the employer, as well as those made by third parties on the employer's behalf. While there are no specified penalties for noncompliance, Minnesota law generally authorizes individuals to file a complaint with the

Minnesota Department of Labor to address any violations of the state's wage and hour laws.

New Jersey

Effective June 1, 2025, most New Jersey employers will be required to comply with the state's pay transparency law. The new law applies to employers that have at least 10 employees and conduct business, employ workers *or* accept applications in New Jersey. This latter category may be interpreted to expand the law's pay transparency requirements to out-of-state employers who recruit job candidates in New Jersey.

Covered employers will be required to include in any job posting the salary or hourly wage, or the salary or hourly wage range, for the open position. Employers will also need to include a general description of the benefits and other compensation for which a candidate will be eligible. These pay disclosure requirements apply to both external and internal job postings for new jobs and internal transfer opportunities.

Separately, covered employers will be required to make reasonable efforts to notify employees, whether through advertisements, announcements or other means, of any opportunities for promotion. This notification requirement extends to all employees in the department(s) impacted by the promotion, and the notification must occur before any promotion decision is made. However, seniority- or performance-based promotions are expressly excluded from this requirement.

Employers that fail to comply with New Jersey's pay transparency requirements face civil penalties of up to \$300 for a first violation and \$600 for subsequent violations. Unlike other state pay transparency laws, New Jersey law only imposes penalties on a per-position basis (as opposed to per posting). In other words, employers will only be assessed one penalty for any open position where their posting fails to comply with New Jersey's requirements.

Vermont

Beginning on July 1, 2025, most Vermont employers will be required to comply with the state's pay transparency law,

which applies to employers with at least five employees and that operate or have employees in Vermont. Covered employers will be required to update their job postings to include either the specific compensation or the range of compensation available for open positions. Any range of compensation must be what the employer in good faith expects to pay for the position.

These requirements apply to any open position, whether advertised internally or externally, that is either physically located in Vermont or is a remote position that will predominantly perform work for the employer's location in Vermont. However, positions that are paid on a commission basis are exempt from the compensation disclosure requirements, provided that the job posting discloses that the job is paid on a commission basis.

Vermont employers who fail to comply with the compensation disclosure requirements face enforcement actions by the Vermont Attorney General or a State's Attorney, as well as imposition of monetary penalties under Vermont law.

Massachusetts

Many employers in Massachusetts face a series of new pay transparency requirements in 2025. Initially, employers with at least 100 employees in Massachusetts are now required to annually file copies of their most recent EEO-1 reports with the Massachusetts Secretary of the Commonwealth. Importantly, these filings must be made by February 1 of each calendar year, and the first filing is due by **February 1, 2025**.

As the law currently stands, covered Massachusetts employers are only required to file their EEO-1 reports; there is no separate obligation to submit pay data to the Commonwealth. However, should the Equal Employment Opportunity Commission ever reinstate pay data reporting requirements as part of the EEO-1 process (i.e., the much-dreaded EEO-1 Component 2 Report), Massachusetts employers will be required to file those pay data reports with the Secretary of the Commonwealth by the annual February 1 deadline.

Separately, employers with at least 25 employees in Massachusetts will soon be required to disclose pay range information in their job postings. Beginning on October 29, 2025, covered employers must update their job postings to include the annual salary range or hourly wage range that the employers reasonably and in good faith expect to pay for each open position. This requirement applies to job postings made directly by the employer or through a third party. Covered employers must also provide this pay range information to any employee who is offered a promotion or transfer, as well as to employees who request the information for their current roles.

Massachusetts employers who fail to comply with the new reporting and pay range requirements may be assessed a warning for the first offense and face civil fines ranging from \$500 to \$25,000 for subsequent violations.

Next Steps

With these five new laws, 14 states across the country now impose some form of pay transparency and compensation disclosure requirements on employers. Additionally, at least six cities and counties, plus the District of Columbia, have similar compensation disclosure requirements in effect. Employers that operate in any of these states or localities, or that may be hiring in these jurisdictions, should review their existing job posting procedures to ensure that they are making all required pay and benefits disclosures. To ensure ongoing compliance, employers should also establish procedures to effectively monitor where their job openings are being posted and confirm their approach toward remote candidates.

Given these expanding obligations to publish pay and benefits information, employers are wise to proactively conduct internal pay equity audits so any compensation disparities can be identified and appropriately resolved. Employers should also take steps to train and educate their human resources, compensation and recruiting teams about applicable pay transparency requirements, as well as the employer's specific philosophy for establishing pay ranges and effectively communicating compensation information to employees and applicants.

Any employer with specific questions or concerns regarding their pay transparency compliance obligations should contact legal counsel.

FOR MORE INFORMATION

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