

Blog Post

New Pay Transparency Laws in Effect in 2025 – What Employers Need to Know

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Multistate employers are likely already aware of challenges in tracking and complying with various state and local laws governing pay transparency in the recruitment and hiring process. Now, even as Diversity, Equity, and Inclusion (DEI) initiatives may be under the microscope at the federal level, more states are coming on line with pay transparency laws for 2025. Pay transparency disclosure requirements may vary from state to state, but they share the common objective of eliminating discriminatory bias in the compensation process by sharing important pay details with applicants for hire and/or promotion. Before 2025, the following states had existing pay transparency laws: California, Colorado, Connecticut, Hawaii, Maryland, Nevada, New York, Rhode Island, and Washington, along with the District of Columbia. Throughout 2025, pay transparency laws will take effect in five additional states: Illinois, Minnesota, Massachusetts, New Jersey, and Vermont. The following provides an overview of the new state law requirements taking effect in 2025 (or that took effect on January 1, 2025).

Illinois

Effective January 1, 2025, an employer with 15 or more employees (not limited to employees located in Illinois) must include the pay scale and benefits for a position in any specific job posting.

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The Illinois statute defines “pay scale and benefits” to mean the wage or salary, or the wage or salary range, and a general description of the benefits and other compensation, including, but not limited to, bonuses, stock options, or other incentives the employer reasonably expects in good faith to offer for the position, set by reference to any applicable pay scale, the previously determined range for the position, the actual range of others currently holding equivalent positions, or the budgeted amount for the position, as applicable.

The posting may include a hyperlink to a publicly viewable webpage with the pay scale and benefits for the job to satisfy this requirement. If an employer engages a third party to announce, post, or publish a job posting, the employer must provide the pay scale and benefits, or a hyperlink to the pay scale and benefits, to the third party and the third party must include the pay scale and benefits, or a hyperlink to the pay scale and benefits, in the job posting. Unless it can show that the employer did not provide the necessary pay scale and benefits information, the third party will be liable for failure to include the pay scale and benefits in the job posting.

Notably, the Illinois statute clarifies that there is no requirement for an employer to make a job posting for any position — rather, if an employer chooses to make a job posting, it must include the pay scale and benefits for the position. An employer must disclose to an applicant for employment the pay scale and benefits to be offered for the position prior to any offer or discussion of compensation and at the applicant’s request, if a public or internal posting for the job, promotion, transfer, or other employment opportunity has not been made available to the applicant.

Massachusetts

Effective October 29, 2025, employers with 25 or more employees in Massachusetts must disclose the pay range — defined as the annual salary range or

hourly wage range that the employer reasonably and in good faith expects to pay for such position at that time — for an employment position in the posting of the position. The statute defines “posting” to mean any advertisement or job posting intended to recruit job applicants for a particular and specific employment position, including, but not limited to, recruitment done directly by an employer or indirectly through a third party. The statute also requires employers to provide the pay range for an employment position to an employee who is offered a promotion or transfer to a new position with different job responsibilities. Further, an employer must provide the pay range for an employment position to an employee holding the position, or to an applicant for the position, upon request.

The statute provides that the attorney general has jurisdiction to enforce the statute and an employer who violates the statute will be punished by a warning for the first violation and by fines for subsequent violations. The statute also expressly prohibits retaliation or discrimination against an employee or applicant who takes action to exercise their rights under the statute, makes a complaint to their employer regarding an alleged violation of the statute, institutes or causes to be instituted any proceeding under the statute, or testifies or is about to testify in any such proceeding.

Minnesota

Effective January 1, 2025, an employer must disclose in each posting for each job opening with the employer the starting salary range and a general description of all of the benefits and other compensation, including but not limited to any health or retirement benefits, to be offered to a hired job applicant. An employer that does not plan to offer a salary range for a position must list a fixed pay rate, as a salary range may not be open ended. The law defines “salary range” to mean the minimum and maximum annual salary or hourly range of compensation, based on the employer’s good faith estimate, for a job opportunity of the employer at the

time of the posting of an advertisement for such opportunity. “Posting” means any solicitation intended to recruit job applicants for a specific available position, including recruitment done directly by an employer or indirectly through a third party and any postings made electronically or via printed hard copy, that includes qualifications for desired applicants.

Under the Minnesota statute, “employer” means a person or entity that employs 30 or more employees at one or more sites in Minnesota. Thus, an employer with fewer than 30 employees in Minnesota is not required to include the salary range and benefits description in its job postings.

New Jersey

Beginning June 1, 2025, an employer with 10 or more employees (not limited to employees in New Jersey) over 20 calendar weeks, must disclose, in each posting for new jobs and transfer opportunities advertised by the employer, the hourly wage or salary (or a range of the hourly wage or salary) and a general description of benefits and other compensation programs applicable to the position. The disclosure requirements apply to both advertisements for positions posted internally within the company, and externally on the Internet, in printed flyers, or other similar advertisements. Importantly, the New Jersey law includes a penalty for employers who fail to comply with the disclosure requirements, including a civil penalty of up to \$300 for the first violation, and \$600 for each subsequent violation. The failure to comply with the disclosure requirements for all postings for one particular job opening or transfer opportunity is considered one violation, regardless of the number of postings for that particular job opening or transfer opportunity.

Vermont

Effective July 1, 2025, an employer that employs five or more employees (not limited to employees in Vermont) must ensure that any advertisement of a

Vermont job opening includes the compensation or range of compensation for the job opening. The statute clarifies that “Vermont job opening” and “job opening” mean any position of employment that is either (1) physically located in Vermont; or (2) a remote position that will predominantly perform work for an office or work location that is physically in Vermont. Covered job openings do not include positions that are physically located outside of Vermont and that perform work predominantly for one or more offices or work locations that are physically located outside of Vermont. The Vermont statute defines “advertisement” to mean written notice, in any format, of a specific job opening that is made available to potential applicants, but does not include general announcements that notify potential applicants that employment opportunities may exist with the employer but do not identify any specific job openings, nor verbal announcements of employment opportunities made in person or on the radio, television, or other electronic mediums.

An advertisement for a job opening paid on a commission basis, whether in whole or in part, must disclose that fact and is not required to disclose the compensation or range of compensation. An advertisement for a job opening that is paid on a tipped basis must disclose that fact and the base wage or range of base wages for the job opening.

The statute clarifies that an employer is not precluded from hiring an employee for more or less than the range of base wages or range of compensation contained in a job advertisement based on circumstances outside of the employer’s control, such as an applicant’s qualifications or labor market factors.

The statute prohibits an employer from refusing to interview, hire, promote, or employ a current or prospective employee for asserting or exercising any rights provided under the statute.

Employer Takeaways

Employers with employees in Illinois, Minnesota, Massachusetts, New Jersey, and Vermont must ensure that their job postings comply with each of the above laws as of the applicable effective date. To prepare for making such disclosures, employers should evaluate their hiring and pay practices and identify and address any potential pay disparities in advance. For guidance or assistance on your company's compliance with any of the new laws, please contact your Akerman Labor and Employment attorney.

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