

Alert | Labor & Employment



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Vermont Joins Pay Transparency Trend with New Job Posting Law

Vermont is the latest jurisdiction to enact a pay transparency law, joining other localities such as California, Colorado, Illinois, Maryland and Washington, D.C., Minnesota, New York, and Washington state that are taking steps to address pay disparity concerns.

On June 4, 2024, Vermont Gov. Scott approved H.704, which takes effect July 1, 2025. Advocates of the new law cite advancing pay equity and reducing gender and racial pay gaps as some of the anticipated outcomes.

Pay Transparency Disclosures

Covering employers with five or more employees, the law applies to any job that will be physically located in Vermont or a remote position that will predominantly perform work for an office or work location that is physically located in the state. The law does not apply to a position physically located outside of Vermont and that performs work that is predominantly for an office or work locations outside the state.

In each advertisement for a job opening, a covered employer must disclose the compensation or range of compensation for the position. The law defines compensation range as the “minimum and maximum annual salary or hourly wage for a job opening” expected “at the time the employer creates the advertisement.” These disclosure requirements apply to all job openings that are open to internal and/or external candidates, as well as positions into which current employees can transfer or be promoted.

Unlike other jurisdictions, there is no requirement to list the benefits or other compensation to be offered, though employers may elect to include this information for consistency and compliance ease.

For a job opening paid on a tipped basis, the advertisement must disclose only (1) that the job opening is paid on a tipped basis, and (2) the base wage or range of base wages. The law defines base wage as the hourly wage that an employer pays to a tipped employee. Range of base wages is defined as the “minimum and maximum base wages for a job opening” expected “at the time the employer creates the advertisement.” Employers are not required to disclose the anticipated tip range.

The law also provides that job openings compensated on a commission basis are excluded from specific disclosure requirements. For those positions, employers need only specify that the job opening is compensated on a commission basis. There is no requirement to disclose the anticipated commission.

Employers must set the compensation, compensation range, base wage, or base wage range in good faith. Importantly, employers can hire an employee for more or less than the compensation or base wages listed in a job advertisement based on “circumstances outside of the employer’s control.” Examples include (1) an applicant’s qualifications, or (2) labor market factors.

Under the law, an advertisement encompasses any written notice for a specific job opening that is made available to potential applicants. An advertisement does not include (1) general announcements that notify potential applicants that employment opportunities with the employer may exist but do not identify any specific job openings, or (2) verbal announcements of employment opportunities that are made in person or on the radio, television, or similar electronic modes.

Anti-Retaliation Protections

An employer violates the law if it refuses to interview, hire, promote, or employ a current or prospective employee for asserting or exercising any rights provided by the law.

Enforcement

The Vermont attorney general or state’s attorney may enforce violations of this law. Employers may be ordered to pay restitution of wages or other benefits and other appropriate relief.

Practical Considerations

Since Vermont adds to the growing list of these types of laws, many employers may be familiar with requirements like these. Nevertheless, organizations should consider conducting a Vermont-specific review since the obligations vary by jurisdiction.

Before the July 1, 2025, effective date, covered employers should consider:

- Assessing all covered job postings to ensure they include the required disclosures.
- Training all personnel responsible for preparing job advertisements.
- Reviewing forthcoming guidance from the Vermont Attorney General’s Office, which must publish guidance on its [website](#) by Jan. 1, 2025.
- Conducting a privileged internal pay equity audit to identify potential pay discrepancies. Working with outside legal counsel maximizes confidentiality and preserves attorney-client privilege of an audit, which may foreclose certain information from being discoverable in litigation.

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