

Client Insight: Illinois and Minnesota Pay Transparency Laws Take Effect January 1, 2025

Insights

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Starting January 1, 2025, Illinois and Minnesota will require certain employers to disclose salary ranges and benefits in job postings. Businesses with fifteen or more employees (Illinois) or thirty or more employees (Minnesota) must act now to ensure compliance.

Pay transparency laws are spreading across the U.S., with existing mandates in California, Washington, D.C., Connecticut, Maryland, New York, Washington and parts of Ohio and New Jersey. Massachusetts, New Jersey and Vermont will implement new laws in 2025.

Key Action Items and High-Level Overview

- Review and update all Illinois and Minnesota job postings by January 1, 2025.
- Establish internal documentation process.
- Train HR and management on new disclosure requirements.

State	Covered Employers	Positions Covered	Posting Requirements	Penalties
IL	15+ employees	Positions performed		Fines and

	anywhere	in IL (even in part), or out-of-state if employee will report to supervisor in IL	Pay range and benefits	penalties enforced by IL Dept. of Labor
MN	30+ employees in MN	All postings by employers with 30+ employees in MN	Pay range and benefits	Not specified

Illinois

Illinois' new pay transparency law, which takes effect on January 1, 2025, introduces several key requirements for employers. These are the basic requirements of the law:

Covered Employers

The law applies to public and private employers with 15 or more employees when a posting is for a covered position described below. For the purposes of this law, the 15 employees can be located anywhere, not only in Illinois, and includes both full-time and part-time employees.

Disclosure Requirements

Covered employers must provide the following information in all open job postings:

1. **Pay Scale:** Employers must disclose the salary range they reasonably expect to offer for the position. This can be based on:
 - The applicable pay scale;
 - Previously determined range for the position;
 - Actual salary range of current employees in equivalent positions; and/or
 - Budgeted amount for the position.
2. **Benefits:** The posting must include a general description of benefits and other compensation, including bonuses, stock options, or other incentives the employer reasonably expects to offer.
3. **Disclosure Method:** Employers can include this information directly in the job posting or provide a hyperlink to a publicly viewable webpage containing the required information.

Covered Positions

The Illinois law applies to: (1) positions that will be physically performed, at least in part, in Illinois; and (2) positions performed outside Illinois if the employee reports to a supervisor, office or worksite within Illinois. The law applies to full-time, part-time, and seasonal positions.

Recently published FAQs explain that non-Illinois employers must comply with the law for positions that could be performed in Illinois “if the employer had a reason to know or reasonably foresee at the time it made the specific job posting that the work would be done, at least in part, in Illinois, or would report to a supervisor, office, or other work site in Illinois.” Further, the law does not apply to out-of-state positions that require only “occasional, intermittent, or sporadic visits to or contact with Illinois for work.”

Internal and Third-Party Postings

The Illinois law applies to certain internal job postings, as well as listings prepared and publicized by third parties, such as job boards and employment websites.

1. **Promotional Opportunities:** Employers must announce opportunities for promotion to current employees no later than 14 calendar days after making an external job posting for the same position.
2. **Third-Party Postings:** If using a third party to post or publicize jobs, employers must provide the required information to the third party, who then becomes responsible for including it in the posting.

Recordkeeping Requirements

Employers must make and preserve records of: (1) the pay scale and benefits information for each position; and (2) the job posting for each position. These records must be kept for at least five years.

According to the recently published FAQs, employers should retain records that show: (1) when and how the position was posted; (2) when and how any external job posting was made known to current employees (as an opportunity for promotion); (3) when and how the employer determined pay or pay range and benefits for the job posting; and (4) if the actual pay and benefits differed from the job posting, the reason for the change.

Enforcement and Penalties

The Illinois Department of Labor (IDOL) is responsible for enforcing the law. There is no private right of action.

Penalties for violations vary based on the number of offenses and whether the job posting is active or inactive:

1. First offense: Up to \$500 fine (14-day cure period for active postings)
2. Second offense: Up to \$2,500 fine (7-day cure period for active postings)
3. Third or subsequent offense: Up to \$10,000 fine (no cure period)

The law also includes anti-retaliation provisions to protect employees and applicants who complain about perceived violations of this law. Complaints must be filed within one year of the alleged violation.

Minnesota

Minnesota's new pay transparency law, set to take effect on January 1, 2025, introduces several key requirements for employers. Here are the basic provisions of the law:

Covered Employers

The law applies to employers with 30 or more employees at one or more sites in the state of Minnesota.

Disclosure Requirements

Covered employers must provide the following information in all job postings:

1. **Salary Range:** Employers must disclose the starting salary range they reasonably expect to offer for the position. The posted salary range must be a good faith estimate and cannot be open-ended. This can be:
 - a minimum and maximum annual salary or hourly wage range; or
 - fixed pay rate if there is no range for the position.
2. **Benefits:** A general description of all benefits available to the hired applicant.
3. **Other Compensation:** Information about other forms of compensation, such as bonuses, commissions, or retirement benefits.

Covered Positions

The Minnesota law applies to: (1) any job opening with the employer; (2) positions recruited for directly by the employer or indirectly through a third party; and (3) job postings made electronically or via printed hard copy.

A job posting is defined as any solicitation intended to recruit job applicants for a specific available position, including qualifications for desired applicants.

Third-Party Postings

If an employer uses a third party for recruitment, the third party must also include the required disclosures in its advertisements.

Recordkeeping Requirements

Minnesota's law does not include any recordkeeping requirements. However, employers should still maintain records of their job postings and salary information as a best practice, especially since the Minnesota Department of Labor ("DLI") and the Minnesota Attorney General ("AG") have the authority to investigate and enforce this law.

Enforcement and Penalties

The Minnesota DLI and AG have the authority to investigate and enforce this law. However, the law does not specify penalties for noncompliance.

Other States Implementing Laws in 2025

Massachusetts, New Jersey, and Vermont will implement new pay transparency laws in 2025. We will share updates as those deadlines approach. Those laws can be found here:

- *New Jersey* (June 1, 2025)
- *Vermont* (July 1, 2025)
- *Massachusetts* (October 29, 2025)

Recommended Next Steps

Covered employers should review the Illinois and Minnesota laws carefully and consider taking the following steps:

1. Update Recruitment Processes

- Review all public and internal-facing job postings and advertisement.
- Review compensation practices.
- Revise job posting templates.
- Ensure third-party recruiters or agencies are compliant with the law.
- Establish or update internal policies to reflect the new requirements.
- Train HR and management teams on new disclosure requirements.

2. Conduct Comprehensive Pay Audits

- Review current salary structures.
- Identify and address potential equity gaps.
- Develop consistent compensation frameworks.

3. Documentation

- Develop robust mechanisms.
- Create clear documentation of pay range determinations.

Contact your Gunderson attorney if you have any questions regarding pay transparency laws, or any other employment law matters.

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