

Client Insight: Quarterly Employment Law Update – Summer 2025

Insights

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At a Glance: Key Changes for Employers

Gunderson Dettmer’s Quarterly Employment Law Update (Summer 2025) highlights significant employment laws taking effect this summer across Vermont, Colorado, and Florida, as well as two upcoming laws and regulations in California and Massachusetts. Employers should review these changes to ensure compliance and minimize risk. Below is a summary table for quick reference, followed by detailed state-by-state guidance and practical action steps.

State	Law/Regulation	Covered Employer	Key Requirement	Eff. Date
VT	Pay Transparency	Employers of 5+ employees	Salary range in job postings	7.1.2025
CO	Biometric Privacy	All employers collecting biometric information	Notice, consent, policy	7.1.2025
FL	CHOICE Act	Employers of “highly compensated” employees	4+ year noncompetes if proper notice, review, acknowledgment, enforcement	7.1.2025
CA	AI Employment Rules	All employees and vendors	Notice, bias testing, records	10.1.2025

MA	Pay Transparency	Employers with 25+ employees	Salary range in postings	10.29.2025
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Vermont Pay Transparency Law (Effective July 1, 2025)

Effective July 1, 2025, Vermont employers with five or more employees must disclose compensation or a compensation range in job postings for positions that are physically located in Vermont or for remote roles that will predominantly perform work for an office or work location in Vermont. **The new law** applies to both internal and external job postings for specific openings.

- **Who is Covered?** Employers with five or more employees (full-time or part-time), if at least one works in Vermont.
- **What's Required?** All job postings (internal and external) for Vermont-based or predominantly Vermont-remote roles must include a good faith estimate of the minimum and maximum salary or wage range.
- **Special Cases:** For commission-based jobs, state that pay is commission-driven. For tipped roles, include the base wage or wage range.
- **What's Not Required?** No need to disclose benefits or bonuses.
- **Employee Rights:** Current employees can request salary range information for their roles. Employers cannot retaliate against such requests.
- **Penalties:** Civil fines for violations, enforced by the Vermont Attorney General.

What Should Employers Do Now?

- Update all Vermont job posting templates to include salary ranges.
- Train HR and managers on new disclosure requirements, and internal employee inquiries regarding salary ranges.

Colorado Biometric Privacy Requirements (Effective July 1, 2025)

Effective July 1, 2025, **Colorado's biometric privacy amendments to the Colorado Privacy Act (CPA)** introduce some of the most comprehensive biometric information protections in the United States. These changes will have broad and practical

implications for employers, particularly those using AI-powered tools for hiring, workplace monitoring, or access control.

- **Who is Covered?** All employers in Colorado collecting biometric information from employees, job applicants, interns, or contractors—including via AI-powered tools.
- **Covered Technologies:** Examples of covered technologies include employee monitoring software, workplace wellness apps, performance management tools, advanced security systems (such as facial recognition, voiceprints, fingerprints), and video conferencing platforms with emotion detection.
- **What's Required?**
 - Provide advance written notice stating what biometric data will be collected, the purpose, retention period, and third-party sharing.
 - Obtain specific written consent (no pre-checked boxes or opt-out).
 - Allow employees/applicants to withdraw consent and request deletion.
 - Adopt a written policy on collection, retention, deletion, and security.
 - Limit collection to the minimum necessary for the stated purpose.
 - Ensure third-party vendors comply.
 - Conduct annual reviews of data necessity.
- **Employer Can Rarely Require Consent:** Four specific criteria for requiring consent, or if reasonable expectation given the nature of the position. Otherwise, employees and job applicants may opt out penalty-free.
- **Exceptions:** “Employment records” exception exists, but its scope is unclear.
- **Penalties:** Civil penalties up to \$20,000 per violation; enforced by the Colorado Attorney General and district attorneys.

What Should Employers Do Now?

- Audit current use of biometric data and AI tools.
- Draft and implement required notices, consent forms, and policies.
- Review vendor contracts for compliance obligations.

Florida CHOICE Act (Effective July 1, 2025)

Effective July 1, 2025, Florida's **Contracts Honoring Opportunity, Investment, Confidentiality, and Economic Growth (CHOICE) Act** allows noncompete and garden leave agreements lasting up to 4 years—double the typical 2-year limit under existing law—for highly compensated employees. This represents a dramatic shift in Florida's approach to restrictive covenants.

- **Who Can Be Bound?** Highly compensated employees and contractors (earning more than twice the average wage in their Florida county, typically \$85K–\$150K), working primarily in Florida or for a Florida-based employer. Excludes healthcare practitioners.
- **What's Required?**
 - Terms of noncompete and/or garden leave in writing.
 - Written notice of right to legal counsel and a 7-day review period before signing.
 - Written acknowledgment of confidential/customer relationship data.
- **Garden leave:** Up to 4 years (30 day minimum) with continued salary/benefits (excluding bonuses/incentives), possible relief of duties after 90 days, employee may work elsewhere, employer can end with 30 days' notice.
- **Noncompete:** Up to 4 years post-employment, offset by time spent on garden leave.
- **Enforcement:** Courts must grant injunctions unless unfair competition is disproved, or employer breached the agreement. No limits on geographical scope. Damages and attorney fees available to prevailing party.

What Should Employers Do Now?

- Determine whether longer noncompetes or garden agreements are appropriate for your company.
- Identify which employees qualify as “highly compensated.”
- Update agreements and procedures to ensure compliance.

California AI and Discrimination Regulations (Effective October 1, 2025)

The California Civil Rights Council has adopted **sweeping rules governing the use of AI and automated decision systems (ADS) in employment**. These rules take effect on October 1, 2025. Every company doing business in California—whether deploying its own automated assessments or using a third-party HR tech product—must comply. Employers and vendors need to act promptly to address these challenging new requirements and turn compliance into a long-term strategic advantage.

- **Who is Covered?** All employers and vendors using AI or automated decision systems (ADS) in employment decisions, regardless of company size or sector.
- **What's Required?**
 - Provide clear, advance notice to employees and applicants about the use of AI/ADS tools and their impact.
 - Routinely test for both intentional and unintentional (disparate impact) bias; remediate if bias is detected.
 - Ensure all tools are job-related and business-necessary; maintain written records on tool design, monitoring, and mitigation for at least four years.
 - Upon request, explain in understandable terms how AI/ADS tools function and impact decisions.
 - Oversee vendor compliance; contracts should require documentation, audit rights, and indemnification.
 - Restrict use of protected characteristics unless job-related and justified by business necessity.
- **Penalties:** Fines for noncompliance; risk of litigation and reputational harm.

What Should Employers Do Now?

- Inventory all AI/ADS tools used in employment decisions.
- Implement required notices and bias testing protocols.
- Update vendor contracts for compliance and audit rights.
- Prepare documentation and recordkeeping systems.

Massachusetts Pay Transparency Law (Effective October 29, 2025)

Massachusetts has enacted a **comprehensive pay transparency law that will take effect on October 29, 2025**, imposing new obligations on employers and continuing the trend toward increased workplace pay transparency seen in other states.

- **Who is Covered?** Employers with 25 or more employees in Massachusetts, including out-of-state employers with remote/hybrid roles that can be performed in Massachusetts.
- **What's Required?** All job postings (internal and external, including promotions and transfers) must include a good faith estimate of the minimum and maximum base wage or salary.
- **What's Not Required?** No need to disclose benefits, bonuses, commissions, equity, or other non-salary compensation.
- **Employee Rights:** Current employees can request salary range information for their roles. Employers cannot retaliate or reduce compensation to comply.
- **Penalties:** Enforcement by the Massachusetts Attorney General, with escalating fines for repeated violations. No private right of action.

What Should Employers Do Now?

- Update Massachusetts job posting templates to include salary ranges.
- Train HR and managers on new disclosure requirements, and internal employee inquiries regarding salary ranges.

Contact Gunderson Dettmer

Employment laws are evolving rapidly, especially regarding pay transparency, technology, and privacy. Proactive compliance is essential to avoid penalties and reputational harm. For questions or assistance with these new requirements, contact your Gunderson Dettmer attorney.

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