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May 18, 2018 By John G. Stretton

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Vermont Prohibits Salary History Inquiries

Vermont's governor recently signed legislation limiting employers' ability to inquire about an applicant's salary history, either directly from the applicant or from the applicant's past employers. Employers will also be prohibited from determining whether to interview a candidate based on his or her salary history. The law applies to inquiries relating to base compensation, bonuses, benefits, fringe benefits, and equity-based compensation. The law will go into effect on July 1, 2018.

The law will also prohibit employers from requiring a candidate's past compensation to meet a minimum criteria for employment. This could be particularly challenging for employers in industries that have historically used compensation as a proxy for a confirming a candidate's book of business. Those employers will need to focus on a more direct measure of the potential value the candidate may bring.

Under the Vermont law, if a candidate volunteers his or her salary history, the employer can confirm the information after making an offer of employment that includes compensation information. The law also specifically allows employers to ask a candidate about his or her salary expectations or requirements.

Connecticut Expected to Enact Salary History Ban

The Connecticut General Assembly passed a bill to prohibit wage or salary history inquiries, and Connecticut's governor has indicated he intends to sign the bill into law. The law would go into effect on January 1, 2019. Under the law, employers could confirm a candidate's salary if the candidate voluntary disclosed his or her salary history. Employers could also ask about the existence of other elements of the candidate's compensation package (such as stock options) but not their value.

While Connecticut law already makes it unlawful for an employer to prohibit an employee from discussing, disclosing, or inquiring about his or her or other employees' wages, the proposed law would also protect employees' right to talk to one another about salaries. The law would prohibit employers from disciplining employees for discussing their own wages or the wages of other employees. Employers would also be prohibited from requiring employees to sign any document that denies them the right to discuss wages.

The law provides for the recovery of compensatory and punitive damages, and attorneys' fees, and sets a two-year statute of limitations.

Ogletree Deakins will continue to monitor developments with respect to these changes and post updates to the firm's blog as additional information becomes available.

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