

SENATE BILL 742

By Kyle

AN ACT to amend Tennessee Code Annotated, Title 50,
relative to sex discrimination.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 50, Chapter 2, Part 2, is amended by deleting the part and substituting instead the following:

50-2-201.

This part is known and may be cited as the "Tennessee Pay Equality Act."

50-2-202.

As used in this part:

(1) "Commissioner" means the commissioner of labor and workforce development;

(2) "Employ" includes to suffer or permit to work;

(3) "Employee" means any individual employed by any employer within this state;

(4) "Employer" includes a person acting in the interest of an employer, directly or indirectly;

(5) "Political subdivision" means a local governmental entity, including a municipality, metropolitan government, county, utility district, school district, public building authority, or development district created and existing pursuant to the laws of this state, or an instrumentality of government created by any one (1) or more of the named local governmental entities; and

(6) "Wage rate" means all compensation for employment, including payments in kind and amounts paid by an employer for employee benefits as defined by the commissioner in rules promulgated under this part.

50-2-203.

(a) An employer shall not discriminate between employees on the basis of sex by paying an employee a wage rate less than the wage rates the employer pays to an employee of the opposite sex for comparable work performed under similar conditions and requiring comparable skill, effort, and responsibility. However, this part does not prohibit wage rate differentials based on:

- (1) A seniority system;
- (2) A merit system;
- (3) A system that measures earnings by quality or quantity of production;

or

(4) A bona fide factor other than sex, such as education, training, or experience, except that the bona fide factor defense applies only if the employer demonstrates that:

(A) The factor:

(i) Is not based on or derived from a sex-based differential in compensation;

(ii) Is job-related with respect to the position in question;

and

(iii) Is consistent with a business necessity. However, this subdivision (a)(4)(A)(iii) does not apply if the employee demonstrates that:

(a) An existing alternative employment practice would serve the same business necessity without producing the differential; and

(b) The employer refuses to adopt the alternative practice;

(B) The employer applied and used the factor reasonably in light of the asserted justification; and

(C) One (1) or more factors relied upon account for the entire wage differential.

(b) An employer shall not:

(1) Prohibit an employee from disclosing or discussing the employee's own wages or the wages of another employee;

(2) Prohibit an employee from inquiring about the employee's own wages or the wages of another employee;

(3) Require an employee to sign a waiver or document denying the employee the right to disclose or discuss the employee's own wages or the wages of another employee;

(4) Require an employee to sign a waiver or other document denying the employee the right to inquire about the employee's own wages or the wages of another employee;

(5) Discharge, discipline, discriminate against, retaliate against, or otherwise penalize an employee who inquires about the employee's own wages or the wages of another employee; or

(6) Reduce the wages of an employee in order to achieve compliance with this section.

(c) This section does not require an employer or employee to disclose the amount of wages paid to an employee.

50-2-204.

(a) The commissioner shall administer this part and may promulgate rules pursuant to the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, as necessary or appropriate to carry out this part.

(b) The commissioner shall endeavor to eliminate pay practices unlawful under this part by informal methods of conference, conciliation, and persuasion, and to supervise the payment of wages owing to an employee under this part.

(c)

(1) The commissioner shall develop guidelines to enable employers to evaluate job categories based on objective criteria, such as educational requirements, skill requirements, independence, working conditions, and responsibility, including decision-making responsibility and de facto supervisory responsibility.

(2) The commissioner shall design the guidelines developed under this subsection (c) to enable employers to voluntarily compare wages paid for different jobs to determine if the pay scales involved adequately and fairly reflect the educational requirements, skill requirements, independence, working conditions, and responsibility for each job with the goal of eliminating unfair pay disparities between occupations traditionally dominated by men or women.

(3) The commissioner shall make the guidelines developed under this subsection (c) available to the governor, the speaker of the senate, and the speaker of the house of representatives no later than September 1, 2023.

50-2-205.

(a)

(1) Any employer who violates § 50-2-203 is liable to the employee affected in the amount of the employee's unpaid wages. An employer who knowingly violates § 50-2-203 is also liable to the affected employee in an amount equal to no more than the amount of unpaid wages as liquidated damages.

(2) For the second established violation of this part in a separate judicial proceeding distinct from the first, an employer who violates § 50-2-203 is liable to the affected employee in an amount equal to no more than two (2) times the amount of unpaid wages as liquidated damages.

(3) For the third and subsequent established violations of this part in a separate judicial proceeding distinct from the first and second, an employer who violates § 50-2-203 is liable to the affected employee in an amount equal to but no more than three (3) times the amount of unpaid wages as liquidated damages.

(b) An action to redress a violation of § 50-2-203, including recovery of wages, may be maintained in a court of competent jurisdiction by one (1) or more of the employees. The court shall allow, in addition to any judgment awarded to the employee, reasonable attorneys' fees and any reasonable costs of pursuing the action to be paid by the employer, and other legal or equitable relief as the court deems appropriate.

(c) An agreement by an employee to work for less than the wages to which the employee is entitled under this part does not bar an action under this section.

(d) At the written request of an employee claiming to have been paid less than the wage to which the employee is entitled under this part, the commissioner may bring any legal action necessary on behalf of the employee to collect the claim for unpaid

wages. The commissioner is not required to pay any filing fee or other cost in connection with the action and may join various claims against the employer into one (1) cause of action.

(e) An employer who violates § 50-2-203 is additionally liable for compensatory or punitive damages as may be appropriate, except that the governments of the United States and of this state and its political subdivisions are not liable for punitive damages.

(f) An action brought to enforce this part may be maintained as a class action as provided by the Tennessee Rules of Civil Procedure.

(g) In addition to the damages and relief imposed pursuant to this section, an employer who terminates an employee in violation of this section is subject to injunctive and other appropriate relief, including the rehiring or reinstatement of the employee to the employee's former position with back pay.

50-2-206.

(a) A court action under this part must be commenced no later than two (2) years after the violation occurs as described in subsection (c).

(b) A court action is considered commenced:

(1) In the case of an individual claimant, on the date when the complaint is filed if the claimant is specifically named as a party plaintiff in the complaint, or if the claimant's name did not so appear, on the subsequent date on which the claimant's name is added as a party plaintiff in the action; or

(2) In the case of a class action brought to enforce this part, on the date on which the individual becomes a party plaintiff to the class action.

(c) A violation occurs when:

(1) A discriminatory compensation decision or other practice is adopted;

(2) An individual becomes subject to a discriminatory compensation decision or other practice; or

(3) An individual is affected by application of a discriminatory compensation decision or other practice, including each time wages, benefits, or other compensation is paid, resulting in whole or in part from such a decision or practice.

50-2-207.

(a) It is an offense for an employer to:

(1) Violate this part; or

(2) Discharge or in another manner discriminate against an employee

because the employee has:

(A) Made a complaint concerning this part to the employer, the commissioner, or another person;

(B) Instituted, or caused to be instituted, a proceeding under this part; or

(C) Testified, or is about to testify, in a proceeding under this part.

(b) A violation of subsection (a) is a Class A misdemeanor, punishable by fine only.

SECTION 2. For purposes of promulgating rules, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect July 1, 2023, the public welfare requiring it, and applies to prohibited conduct occurring on or after that date.