



MINNESOTA

QUICK AND EASY GUIDE TO LABOR & EMPLOYMENT LAW

PROVIDED BY BAKER DONELSON

Disclaimer: These materials do not constitute legal advice and should not be substituted for the advice of legal counsel.

At-Will Employment

Minnesota is an at-will employment state, meaning that employment for an indefinite term is presumed to be at-will. In an at-will employment relationship, an employer or employee may terminate the employment relationship for any reason or for no reason, unless there is an express or implied agreement or statute stating otherwise. [Kratzer v. Welsh Companies, LLC, 771 N.W.2d 14, 18 \(Minn. 2009\)](#). Minnesota courts have found that an implied contract can exist because of an employment handbook. To become an enforceable employment contract, the handbook must meet the requirements for the formation of a unilateral contract. [Pine River State Bank v. Mettillie, 333 N.W.2d 622, 627 \(Minn. 1983\)](#).

Minnesota recognizes that termination of an at-will employment relationship is unlawful when the motivation behind the termination is retaliation and the termination violates public policy. [Minn. Stat. § 181.932 \(2022\)](#). For example, Minnesota's whistleblower statute makes it illegal for an employer to terminate an employee because the employee "in good faith, reports a violation or suspected violation of any federal or state law or rule adopted pursuant to law to an employer." [Minn.Stat. § 181.932, subd. 1\(a\)](#).

In addition, the Minnesota Human Rights Act protects individuals in protected classes (e.g., race (including but not limited to hair texture and hairstyles such as braids, locs, and twists), religion, disability, national origin, sex, marital status, familial status, age, sexual orientation, and gender identity) from discrimination or retaliation related to employment. [Minn. Stat. § 363A.01, et seq.](#)

Right-to-Work Laws

In Minnesota, an employer may require an employee to either join the labor union or make "fair share" payments equivalent to the cost of union dues pursuant to a collective bargaining agreement.

Immigration Verification

Minnesota places no additional employment verification procedures on employers beyond Federal I-9 compliance. E-Verify is required for vendors or subcontractors working in the U.S. on behalf of the state of Minnesota under a contract value in excess of \$50,000. [Minn. Stat. § 16C.075 \(2022\)](#).

Pregnancy Accommodations

An employer must provide reasonable accommodations to an employee for health conditions related to pregnancy or childbirth upon request, with the advice of a licensed health care provider or certified doula, unless the employer demonstrates that the accommodation would impose an undue hardship on the operation of the employer's business. A pregnant employee shall not be required to obtain the advice of a licensed health care provider or certified doula, nor may an employer claim undue hardship for the following accommodations:

- more frequent or longer restroom, food, and water breaks;
- seating; and
- limits on lifting over 20 pounds.

[Minn. Stat. § 181.939](#).

Minnesota employers are required to inform employees of their rights to pregnancy accommodations at the time of hire and when an employee makes an inquiry about or requests parental leave. Information must be provided in English and the primary language of the employee, as identified by the employee. An employer that provides an employee handbook to its employees must include in the handbook a notice of employee rights and remedies. [Id.](#)

Drug Testing

Minnesota employers are allowed to test applicants and employees for drugs and alcohol if minimum requirements are met. These requirements include a written policy outlining the testing procedures; notice of the policy being provided to all affected employees; the person being tested acknowledging receipt of the testing policy; and the testing being done by a licensed, accredited, or certified laboratory. [Minn. Stat. §§ 181.951, Subdiv. 1, 181.952, and 181.953, Subdiv. 1, 6 \(2022\)](#).

Minnesota permits an employer to request or require a job applicant to undergo a drug or alcohol test as long as an offer of employment has been made. [Minn. Stat. § 181.951 Subdiv. 2 \(2022\)](#).

An employer may request an employee to take a drug or alcohol test as part of a routine physical exam as long as the drug and alcohol test is performed no more than once annually and the employee has been given two weeks' written notice that a drug or alcohol test may be performed as part of the physical examination. [Minn. Stat. § 181.951 Subdiv. 3 \(2022\)](#).

An employer may request or require an employee to submit to drug tests on a random selection basis in two scenarios: (1) if they are employed in safety-sensitive positions, which are positions where impairment would threaten the health and safety of another, and (2) if they are a professional athlete subject to a collective bargaining agreement permitting random testing. [Minn. Stat. § 181.951 Subdiv. 4 \(2022\)](#).

An employer may also request or require an employee to take a drug test if the employer has a reasonable suspicion that the employee: (1) is under the influence of drugs or alcohol, (2) sustained a personal injury in the course of employment, (3) caused another employee to be injured in the course of employment, (4) caused a work-related accident, or (5) was operating or helping to operate machinery, equipment, or vehicles involved in a work-related accident. [Minn. Stat. Ann. § 181.951, subd. 5](#).

An employer can also require testing where an employee has violated the employer's policy on the prohibition of the use, sale, possession, or transfer of drugs and alcohol while the employee is working or is on the employer's premises, provided that the policy is contained in the employer's written drug- and alcohol-testing policy. [Minn. Stat. § 181.951 Subdiv. 5 \(2022\)](#).

Employment Leave

Jury Duty Leave

It is unlawful for an employer to deprive an employee of employment, threaten or otherwise coerce the employee, or otherwise subject an employee to adverse employment action as a result of jury service. [Minn. Stat. § 593.50, Subdiv. 1 \(2022\)](#). Employees are required to notify their employer of the jury summons within a reasonable period. In addition, it is unlawful for an employer to require or request an employee to use annual, vacation, or sick leave for time spent responding to a summons for jury duty. [Minn. Stat. § 593.50, Subdiv. 1 \(2022\)](#). No Minnesota state law requires the employer to pay wages while an employee is on jury duty.

Voting Leave

On election days, employees have the right to be absent from work for the time necessary to place their vote and return to work without deduction in salary or wages. Voting leave is required for all major elections, including for the United States Senate or House of Representatives, Minnesota Senate or House of Representatives, and the presidency, including the presidential nomination primary. [Minn. Stat. § 204C.04, Subdiv. 1, 2 \(2022\)](#).

Parental Leave

To be eligible for unpaid parental leave, a full-time employee must have worked for the employer for 12 months and work at least one-half the hours required of a full-time position during the 12-month period preceding the leave. The leave must begin within 12 months of the birth or adoption at a time requested by the employee and cannot exceed 12 weeks in length unless agreed to by the employer. [Minn. Stat. § 181.941 \(2022\)](#).

An adoptive parent will receive leave time equal to that of a biological parent if the company policy provides less than four weeks' leave to biological parents. If the company policy gives a biological parent more than four weeks' leave, then the adoptive parent's leave must be at least four weeks. [Minn. Stat. § 181.92 \(2022\)](#).

Military Leave

An employee may take unpaid leave to serve in either active military duty or a federally declared emergency. The leave time includes recovery from disease or injury sustained in active duty. [Minn. Stat. § 192.261, Subdivs. 1, 6 \(2022\)](#).

Paid Leave

Paid Family and Medical Leave benefits will begin for Minnesotans effective January 1, 2026. The program will cover the following: medical leave, to address a worker's own serious health conditions, including pregnancy; caregiving leave, to care for a relative; parental leave; safety leave, for sexual or domestic violence; and deployment leave, to deal with the impact of a relative's military deployment. Each leave is capped at 12 weeks, with a combined limit of 20 weeks per year. [2023 Minn. Legis. Ch. 59 \(H.F. 2\)](#). Paid Family and Medical Leave premiums will be 0.7 percent of an employee's taxable wages. Employers may charge a maximum of half this premium (or 0.35 percent) to their employees through a wage deduction. Paid Family and Medical Leave premiums will be collected starting January 1, 2026. Additional information regarding Minnesota's Paid Family and Medical Leave Program may be accessed on the Minnesota Department of Employment and Economic Development's [website](#).

Breaks

Time to Express Milk

A Minnesota employer must provide reasonable break times each day to an employee who needs to express breast milk for her infant child during the 12 months following the birth of the child. The break times may run concurrently with any break times already provided to the employee. An employer is not required to provide break times under this section if doing so would unduly disrupt the operations of the employer. An employer shall not reduce an employee's compensation for time used for the purpose of expressing milk. [Minn. Stat. § 181.939, Subdiv. 1 \(2022\)](#).

The employer must make reasonable efforts to provide a room or other location, in close proximity to the work area, other than a bathroom or a toilet stall, that is shielded from view, is free from intrusion from coworkers and the public, and includes access to an electrical outlet where the employee can express milk in privacy. The employer would be held harmless if reasonable effort has been made to satisfy these requirements. [Minn. Stat. § 181.939, Subdiv. 1 \(2022\)](#).

Meals

Minnesota requires that employees working eight or more consecutive hours be given at least 30 minutes for a meal break. The meal break may be unpaid if the employee is completely relieved of all job-related duties. [Minn. Stat. § 177.254 \(2022\)](#).

Rest

Employers must allow employees adequate time to use the nearest restroom during each four consecutive hours of work. [Minn. Stat. § 177.253 \(2022\)](#).

Vacation

Minnesota does not require employers to provide paid vacation, although paid vacation is allowed to be provided in an employment contract. [Minn. Stat. § 181.13\(a\) \(2022\)](#). In addition, employers do not have to pay for unused vacation upon termination of an employee if specified in the employment contract. [Hall v. City of Plainview, 954 N.W.2d 254 \(Minn. 2021\)](#).

Smoking Laws

Smoking is prohibited in all indoor spaces, including workplaces. [Minn. Stat. § 144.414, Subdiv. 1 \(2022\)](#).

Minimum Wage

As of January 1, 2023, Minnesota's minimum wage is \$10.59 an hour for employees of large employers (with annual gross revenues of \$500,000 or more) and \$8.63 an hour for employees of small employers (with annual gross revenue less than \$500,000). [Minn. Stat. § 177.24, Subdiv. 1\(b\), \(f\)](#). Minnesota law requires employers to display five state-mandated posters in a location where employees can easily see them.

Tips cannot be directly or indirectly counted as payment toward an employee's minimum wage. [Minn. Stat. § 177.24, Subdiv. 2 \(2021\)](#).

Minneapolis

Effective July 1, 2023, the minimum wage in Minneapolis is set at \$15.19 for employees of large businesses (employing more than 100 persons), accounting for inflation, and \$14.50 for employees of small businesses (employing 100 or fewer persons). The small business minimum wage will increase to \$15.00 on July 1, 2024. [Minneapolis Municipal Code § 40.390](#).

St. Paul

Effective July 1, 2023, the minimum wage in St. Paul is set as follows, through [Creating Chapter 224 of the Legislative Code to implement a City minimum wage](#).

- \$15.19 for macro businesses (more than 10,000 employees)
- \$15.00 for large businesses (101 to 10,000 employees). On July 1, 2024, the minimum wage set for macro businesses will apply.
- \$13.00 for small businesses (six to 100 employees), set to increase to \$14.00 on July 1, 2024, and \$15.00 on July 1, 2025. On July 1, 2026, the minimum wage set for macro businesses will apply.
- \$11.50 for micro businesses (five or fewer employees), set to increase to \$12.25 on July 1, 2024; \$13.25 on July 1, 2025; \$14.25 on July 1, 2026; and \$15.00 on July 1, 2027. On July 1, 2028, the minimum wage set for macro businesses will apply.

Overtime

Generally, if an employee works more than 48 hours in a workweek, they must be compensated at a rate of one and one-half times the regular rate of pay at which they are employed. [Minn. Stat. § 177.25, Subdiv. 1 \(2022\)](#). Certain occupations are exempt from the overtime requirements, including but not limited to some agricultural workers, police and firefighters, and certain elected officials. [Minn. Stat. §§ 177.23, Subdiv. 7 and 177.25 \(2022\)](#).

Wage and Recordkeeping

Minnesota law requires employers to keep a record of information, including the name, address, and occupation of each employee, and a list of the personnel policies provided to the employee. In addition, the employer must keep records of the rate of pay, amount paid, hours worked, and number of workweeks for each employee. Other information that the Minnesota Department of Labor and Industry finds necessary is also required to be maintained. [Minn. Stat. § 177.30 \(2022\)](#); [Minn. R. 5200.0100 \(2022\)](#).

The above-mentioned records must be maintained for three years and must be readily available for inspection on demand by the Minnesota Department of Labor and Industry Commissioner. The records must be kept at the place of employment or in a manner that allows for compliance within 72 hours. [Minn. Stat. § 177.30\(a\)\(7\), \(b\) \(2022\)](#).

Final Payments

In Minnesota, an employee who is involuntarily discharged must be paid all wages immediately upon written demand by the employee. [Minn. Stat. § 181.13\(a\) \(2022\)](#). Other than a few limited circumstances, if an employee voluntarily resigns employment, their wages must be paid by the next regularly scheduled payday. [Minn. Stat. §§ 181.11 and 181.14, Subdiv. 1 \(2022\)](#).

Equal Pay

Minnesota does not allow an employer to discriminate in the amount and/or the rate of pay based solely on sex. [Minn. Stat. § 181.67, Subdiv. 1 \(2022\)](#).

Polygraph Testing

Minnesota employers may not directly or indirectly solicit or require a polygraph or any other test for the purposes of determining the honesty of an employee or job applicant. [Minn. Stat. § 181.75, Subdiv. 1 \(2022\)](#). If an employee requests a polygraph test, any employer or agent administering the test shall inform the employee that taking the test is voluntary. [Id.](#)

Non-Compete Agreements

Non-compete agreements in Minnesota are governed by common law. The courts are skeptical of enforcing non-compete agreements, balancing the employer's interest in protection from unfair competition against the employee's right to earn a livelihood. [Kallok v. Medtronic, Inc., 573 N.W.2d 356 \(Minn. 1998\)](#). Also, the Minnesota courts will modify an unreasonable non-compete by "blue penciling" to make it more reasonable. [Bess v. Bothman, 257 N.W.2d 791 \(Minn. 1977\)](#).

Minnesota's Ban on Non-Compete Agreements After July 1, 2023

Minnesota recently enacted a law prohibiting all non-compete agreements that restrict an employee or independent contractor from working for another business after termination of employment. The ban on non-compete agreements does not include nondisclosure agreements and non-solicitation agreements. Generally, a post-termination non-compete with an employee or independent contractor is void and unenforceable unless it is agreed upon during the sale of a business or in anticipation of the dissolution of a business. This law does not apply retroactively and applies only to employment contracts enacted after July 1, 2023.

Unemployment Insurance

Unemployment insurance benefits provide income to individuals who have lost work through no fault of their own. The benefits are intended to partially offset the loss of wages while an unemployed worker searches for suitable work or until an employer can recall the employee to work. Nothing is deducted from the employee's wages to pay for this coverage. Unemployment benefits are administered by the Department of Employment and Economic Development and additional information regarding the benefits may be accessed at their [website](#).

Workers' Compensation

Minnesota requires workers' compensation for anyone hired to perform services for another, barring a few limited exceptions including independent contractors and sole proprietors. [Minn. Stat. §§ 176.011, Subdiv. 9 and 176.041, Subdiv. 1 \(2022\)](#). A hiring entity can obtain coverage through an insurance provider or a self-insurer. [Minn. Stat. § 176.181, Subdiv. 2 \(2022\)](#). To self-insure, an employer must meet threshold requirements for net worth and current assets-to-liabilities ratio. [Minn. Stat. § 79A.03 \(2022\)](#). Additionally, the self-insurer must pay a nonrefundable initial application fee of \$4,000, a nonrefundable application fee to join a group of self-insured employers of \$400, and an annual \$500 fee for reporting. [Minn. Stat. § 176.181, Subdiv. 2a \(2022\)](#).

Child Labor

Generally, 14 is the minimum age for employment under Minnesota state law. [Minn. Stat. § 181A.04, Subdiv. 1 \(2022\)](#). Employment of minors is also subject to limitations on the total hours of work, time of day work takes place, and type and location of the work. [Minn. Stat. § 181A.12 \(2022\)](#). No minor under the age of 18 is permitted in a workplace with conditions declared hazardous by the U.S. Department of Labor.

Gun Laws

The Minnesota Citizens' Personal Protection Act permits public and private employers to restrict the carry or possession of firearms by their employees while acting in the course and scope of employment. [Minn. Stat. § 624.714 Subdiv. 18 \(2022\)](#). However, the lawful possession of firearms within a parking facility or parking area may not be limited by the employer. [Minn. Stat. § 624.714, Subdiv 18\(c\) \(2022\)](#).