

# Employment Law Summary

## Minnesota Minimum Wage Laws



Because You're Different

Federal minimum wage law is governed by the Fair Labor Standards Act (FLSA). The current federal minimum wage rate is \$7.25 per hour for nonexempt employees. The Minnesota Fair Labor Standards Act (MFLSA) complements federal law and, in some cases, prescribes more stringent or additional requirements that employers must follow. Whenever employers are subject to both state and federal laws, the law that provides the greater protection or benefit for employees will apply.

The [Minnesota Department of Labor and Industry](#) (MDLI) enforces labor standards and investigates minimum wage violation claims within the state.

### Minimum Wage Rate

The table below provides an overview of Minnesota's minimum wage rate.

Effective Date	Jan. 1, 2021	Jan. 1, 2022	Jan. 1, 2023	Jan. 1, 2024
•Annual receipts of less than \$500,000 •Training wage •Youth wage	\$8.21	\$8.42	\$8.63	\$8.85
•Annual receipts of \$500,000 or more	\$10.08	\$10.33	\$10.59	\$10.85

Effective **Jan. 1, 2025**, there will no longer be a distinction between large (an enterprise whose annual gross volume of sales made or business done is not less than \$500,000) and small employers (an enterprise whose annual gross volume of sales made or business done is less than \$500,000) for the purposes of meeting the state's minimum wage rate requirements. Both large and small employers will be required to pay all employees the state's single standard minimum wage.

Employees under the age of 20 are "in training" only during their first 90 consecutive days of employment. Effective **Jan. 1, 2025**, employers may still pay a subminimum wage to these employees for their first 90 consecutive days of employment. Employers cannot displace employees (including partial displacement) through a reduction of hours or benefits to hire individuals who qualify for the training wage.

### Saint Paul

Saint Paul	July 1, 2022	Jan. 1, 2023	July 1, 2023	Jan. 1, 2024	July 1, 2024
Macro Business (10,001 or more employees)	\$15.00	\$15.19		\$15.57	\$15.57
Large Business (101-10,000 employees)	\$13.50		\$15		\$15.57
Small Business (6 - 100 employees)	\$12		\$13		\$14
Micro Business (5 or fewer employees)	\$10.75		\$11.50		\$12.25

Saint Paul's minimum wage rate for each group will continue to rise until it they match the rate for macro businesses (employers with 10,001 or more employees).

### **Minneapolis**

<b>Minneapolis</b>	<b>July 1, 2022</b>	<b>Jan. 1, 2023</b>	<b>July 1, 2023</b>	<b>July 1, 2024</b>
<b>Small Business (100 or fewer employees)</b>	\$13.50		\$14.50	\$15.57
<b>Large Business (more than 100 employees)</b>	\$15	\$15.19		

Previously, Minneapolis had a two-tier rate that depended on how many employees a business had. Effective July 1, 2024, however, one rate applies to all employers.

### **Tipped Employees**

Minnesota law **does not allow** employers to use an employee's tips to offset the employee's minimum wage rate. Tipped employees must be paid at least the general minimum wage rate plus any of the tips the employee may earn.

### **Disabled Workers**

In Minnesota, employers may obtain a permit allowing them to pay a subminimum wage rate to disabled workers. The MDLI will issue subminimum wage rate permits only if the employer can prove that disabled workers cannot perform work equal to the work performed by a nondisabled worker.

Disabled workers that can perform work equal to that of nondisabled workers must be paid a wage rate at least equal to the wage rate paid to a nondisabled person with similar experience and skill.

### **Minimum Wage Rate Exemptions**

Minnesota's minimum wage rate requirements do not apply to:

- Employees covered by the FLSA or other federal minimum wage laws;
- Bona fide administrative, executive and professional employees;
- Sales personnel who conduct up to 20% of sales on the employer's premises;
- Certain salaried agricultural workers;
- Volunteers working for a nonprofit organization;
- Taxicab drivers;
- Babysitters;
- Police and fire protection officers;
- Seasonal employees working for an organized resident day camp;
- Seasonal carnival, circus, fair or ski facility employees;
- Individuals under the age of 18 working less than 20 hours per week for a municipality recreational program;
- Elected officials serving on a governmental board, commission, committee or other similar body;
- Public employees who are ineligible for membership in the Public Employees Retirement Association;
- State employees working as a natural resource manager 1, 2 or 3 (conservation officer);
- Individuals working under the jurisdiction of the U.S. Department of Transportation;
- County employees working in a single-family home school who are required to reside at the home school to supervise children;
- Seafarers exempt from federal overtime standards (including pilots, sailors, engineers, radio operators, firefighters, security guards, pursers, surgeons, cooks and stewards); or
- Members of religious orders who serve in schools, hospitals and other nonprofit institutions operated by their order (including nuns, monks, priests, lay brothers and sisters, ministers and deacons).

### **Notice and Postings**

Employers subject to the MFLSA must post and maintain updated information about the state's minimum wage rate and other state labor standards. This poster must be displayed in a conspicuous and accessible place in or about any location where employees affected by the MFLSA work. The MDLI has provided a [model poster](#) that employers can use to satisfy this requirement.

## Wage Discrimination

Minnesota's Equal Pay for Equal Work law (EPEW) prohibits employers from discriminating against employees based on sex by paying employees of one sex lower wages than those paid to employees of the opposite sex, when both sexes perform equal work on jobs that require equal skill, effort and responsibility. Employers cannot avoid this type of discrimination by reducing any employee's wages to match the wages of employees of the opposing sex.

However, employers may pay different wages to employees in similar jobs if the pay differential is due to a system based on seniority, merit, production quality or quantity or any factor other than sex.

Employers also may not retaliate against any employee who files a complaint, testifies or is about to testify in any investigation or proceeding related to the EPEW.

## Prohibited Compensation for Hiring

Employers cannot directly or indirectly demand or accept payment or incentives to offer employment to any candidate. Payments or incentives for hire may include the employer's interest in a candidate's future wages and gratuities.

## Penalties

Employers that violate minimum wage pay requirements are subject to criminal charges and fines. Employers that violate the EPEW may also be subject to lawsuits, and may be required to pay unpaid wages, exemplary damages and attorneys' fees. Employers cannot use agreements for compensation at a rate lower than what employees are entitled to receive as a defense for violating the EPEW.

### ***Criminal Charges***

Employers commit a **misdemeanor**, punishable by significant fines, imprisonment or both, if they:

- Violate the EPEW;
- Hinder or delay an MDLI investigation;
- Repeatedly fail to make, keep and preserve records required by the MFLSA;
- Falsify any record;
- Repeatedly fail to post the notice required by the MFLSA;
- Pay or agree to pay wages at a rate lower than the state minimum wage rate;
- Refuse to allow employees the use of required meal breaks and rest periods; or
- Otherwise violate a provision of the MFLSA.

### ***Fines***

Employers may be subject to a fine of **between \$700 and \$3,000** for discriminating against employees who:

- File a complaint with the employer or with the MDLI;
- Institute or will institute a proceeding because of a violation of the MFLSA; or
- Testify or will testify in any proceeding.

In addition, employers that fail to post the required notice may be fined up to **\$200**.

Effective July 1, 2024, employers may be penalized up to \$10,000 for each individual they misclassify and up to \$10,000 for each violation. Additionally, employers may be penalized up to \$1,000 for delaying, obstructing or failing to cooperate with an investigation into a violation of the classification law. Each day of delay, obstruction or failure to cooperate is a separate violation.

## More Information

Contact Heffernan Insurance Brokers for more information on wage payment and work hour laws in Minnesota.

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