

Minnesota Governor Signs Labor Funding, Noncompete Ban Bill Into Law

May 27, 2023



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On May 24, 2023, Minnesota Governor Tim Walz signed into law a sweeping [omnibus jobs and economic development and labor funding](#) bill that will invest \$500 million in a fund to match federal investments in infrastructure and large-scale development projects. This bill also fundamentally changes several areas of Minnesota employment law, including instituting a ban on employer-employee noncompete agreements signed after July 1, 2023, establishing new paid sick leave entitlements, providing employees with additional pregnancy and nursing accommodations, and adding new worker safety protections.

Quick Hits

- ▶ Minnesota Governor Tim Walz signed an omnibus jobs and economic development and labor funding bill into law as part of a package of state budget bills.
- ▶ The new law bans noncompete agreements between employers and employees moving forward after July 1, 2023, and implements several other worker protections.

The signing of Senate File (SF) 3035 comes one week after it passed the state legislature as one of twelve budget bills approved by the governor. Specifically, SF 3035 will make several key changes to Minnesota labor and employment law, including those outlined below.

Ban on Noncompetes

The [law will make “void and unenforceable”](#) “any covenant not to compete” between employers and employees that restricts employees from working for another employer. These restrictions apply only to agreements signed on or after July 1, 2023, and will not apply retroactively. These restrictions also will not apply to other common types of provisions used by Minnesota employers to protect trade secrets, to protect confidential information, and to protect against soliciting customers or employees.

Statewide Paid Sick Leave Amendments

The law will provide paid sick and safe leave for employees in Minnesota. Employers will be required to provide at least one hour of paid sick leave for every thirty hours worked, up to forty-eight hours per year.

Lactation Accommodations

The law removes limits on reasonable paid breaks for expressing milk for infants in the first twelve months following birth and requires workplace lactation rooms to be “clean, private, and secure.” It further eliminates an exception for employers whereby they are not required to provide breaks if doing so would “unduly disrupt the operations of the employer.”

Worker Safety Requirements in the Warehouse Industry

The law adopts sweeping worker safety protections for the warehouse industry, including requiring that warehouse employers provide employees with “written descriptions” regarding quotas, implementing protections for worker breaks, and providing employees with a right to request their work speed data.

Revisions to Packinghouse Workers Bill of Rights

The law makes several revisions to a Minnesota law titled “Packinghouse Workers Bill of Rights,” including adding “poultry processing” to the definition of “employer” and requiring that employees be provided with additional information at the start of their employment. The law further establishes a “cause of action for damages for the greater of \$1,000 per violation or twice the employee’s actual damages, plus costs and reasonable attorney fees” and greater fines for “intentional” violations.

Ogletree Deakins will continue to report on developments with respect to Minnesota law and noncompete restrictions and will post updates on the [Minnesota](#) and [Unfair Competition and Trade Secrets](#) blog as additional information becomes available. Important information for employers is also available via the firm’s [webinar](#) and [podcast](#) programs.

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