

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 3947

(SENATE AUTHORS: MOHAMED and McEwen)

DATE
02/19/2024

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Introduction and first reading
Referred to Labor

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to labor and industry; modifying minimum wage provisions; amending
1.3 Minnesota Statutes 2022, sections 177.23, by adding subdivisions; 177.24,
1.4 subdivision 1; Minnesota Statutes 2023 Supplement, section 204B.19, subdivision
1.5 6.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2022, section 177.23, is amended by adding a subdivision
1.8 to read:

1.9 Subd. 12. **Large Employer.** "Large employer" means an enterprise whose annual gross
1.10 volume of sales made or business done is not less than \$500,000, exclusive of excise taxes
1.11 at the retail level that are separately stated, and covered by the Minnesota Fair Labor
1.12 Standards Act, sections 177.21 to 177.35.

1.13 **EFFECTIVE DATE.** This section is effective January 1, 2025.

1.14 Sec. 2. Minnesota Statutes 2022, section 177.23, is amended by adding a subdivision to
1.15 read:

1.16 Subd. 13. **Small Employer.** "Small employer" means an enterprise whose annual gross
1.17 volume of sales made or business done is less than \$500,000, exclusive of excise taxes at
1.18 the retail level that are separately stated, and covered by the Minnesota Fair Labor Standards
1.19 Act, sections 177.21 to 177.35.

1.20 **EFFECTIVE DATE.** This section is effective January 1, 2025.

2.1 Sec. 3. Minnesota Statutes 2022, section 177.24, subdivision 1, is amended to read:

2.2 Subdivision 1. **Amount.** ~~(a) For purposes of this subdivision, the terms defined in this~~
2.3 ~~paragraph have the meanings given them.~~

2.4 ~~(1) "Large employer" means an enterprise whose annual gross volume of sales made or~~
2.5 ~~business done is not less than \$500,000 (exclusive of excise taxes at the retail level that are~~
2.6 ~~separately stated) and covered by the Minnesota Fair Labor Standards Act, sections 177.21~~
2.7 ~~to 177.35.~~

2.8 ~~(2) "Small employer" means an enterprise whose annual gross volume of sales made or~~
2.9 ~~business done is less than \$500,000 (exclusive of excise taxes at the retail level that are~~
2.10 ~~separately stated) and covered by the Minnesota Fair Labor Standards Act, sections 177.21~~
2.11 ~~to 177.35.~~

2.12 ~~(b) (a)~~ Except as otherwise provided in sections 177.21 to 177.35:

2.13 ~~(1)~~ every large employer must pay each employee wages at a rate of at least:

2.14 ~~(i)~~ (1) \$8.00 per hour beginning August 1, 2014;

2.15 ~~(ii)~~ (2) \$9.00 per hour beginning August 1, 2015;

2.16 ~~(iii)~~ (3) \$9.50 per hour beginning August 1, 2016; and

2.17 ~~(iv)~~ (4) the rate established under paragraph ~~(f)~~ (c) beginning January 1, 2018; ~~and.~~

2.18 ~~(2) every small employer must pay each employee at a rate of at least:~~

2.19 ~~(i) \$6.50 per hour beginning August 1, 2014;~~

2.20 ~~(ii) \$7.25 per hour beginning August 1, 2015;~~

2.21 ~~(iii) \$7.75 per hour beginning August 1, 2016; and~~

2.22 ~~(iv) the rate established under paragraph (f) beginning January 1, 2018.~~

2.23 ~~(e) (b)~~ Notwithstanding paragraph ~~(b)~~ (a), during the first 90 consecutive days of
2.24 employment, an employer may pay an employee under the age of 20 years a wage of at
2.25 least:

2.26 (1) \$6.50 per hour beginning August 1, 2014;

2.27 (2) \$7.25 per hour beginning August 1, 2015;

2.28 (3) \$7.75 per hour beginning August 1, 2016; and

2.29 (4) the rate established under paragraph ~~(f)~~ (c) beginning January 1, 2018.

3.1 No employer may take any action to displace an employee, including a partial displacement
 3.2 through a reduction in hours, wages, or employment benefits, in order to hire an employee
 3.3 at the wage authorized in this paragraph.

3.4 ~~(d) Notwithstanding paragraph (b), an employer that is a "hotel or motel," "lodging~~
 3.5 ~~establishment," or "resort" as defined in Minnesota Statutes 2012, section 157.15,~~
 3.6 ~~subdivisions 7, 8, and 11, must pay an employee working under a contract with the employer~~
 3.7 ~~that includes the provision by the employer of a food or lodging benefit, if the employee is~~
 3.8 ~~working under authority of a summer work travel exchange visitor program (J) nonimmigrant~~
 3.9 ~~visa, a wage of at least:~~

3.10 ~~(1) \$7.25 per hour beginning August 1, 2014;~~

3.11 ~~(2) \$7.50 per hour beginning August 1, 2015;~~

3.12 ~~(3) \$7.75 per hour beginning August 1, 2016; and~~

3.13 ~~(4) the rate established under paragraph (f) beginning January 1, 2018.~~

3.14 ~~No employer may take any action to displace an employee, including a partial displacement~~
 3.15 ~~through a reduction in hours, wages, or employment benefits, in order to hire an employee~~
 3.16 ~~at the wage authorized in this paragraph.~~

3.17 ~~(e) Notwithstanding paragraph (b), a large employer must pay an employee under the~~
 3.18 ~~age of 18 at a rate of at least:~~

3.19 ~~(1) \$6.50 per hour beginning August 1, 2014;~~

3.20 ~~(2) \$7.25 per hour beginning August 1, 2015;~~

3.21 ~~(3) \$7.75 per hour beginning August 1, 2016; and~~

3.22 ~~(4) the rate established under paragraph (f) beginning January 1, 2018.~~

3.23 ~~No employer may take any action to displace an employee, including a partial displacement~~
 3.24 ~~through a reduction in hours, wages, or employment benefits, in order to hire an employee~~
 3.25 ~~at the wage authorized in this paragraph.~~

3.26 ~~(f) (c) No later than August 31 of each year, beginning in 2017, the commissioner shall~~
 3.27 ~~determine the percentage increase in the rate of inflation, as measured by the implicit price~~
 3.28 ~~deflator, national data for personal consumption expenditures as determined by the United~~
 3.29 ~~States Department of Commerce, Bureau of Economic Analysis during the 12-month period~~
 3.30 ~~immediately preceding that August or, if that data is unavailable, during the most recent~~
 3.31 ~~12-month period for which data is available. The minimum wage rates in paragraphs (a)~~
 3.32 ~~and (b), (c), (d), and (e) are increased by the lesser of: (1) 2.5 5 percent, rounded to the~~

4.1 nearest cent; or (2) the percentage calculated by the commissioner, rounded to the nearest
4.2 cent. A minimum wage rate shall not be reduced under this paragraph. The new minimum
4.3 wage rates determined under this paragraph take effect on the next January 1.

4.4 ~~(g)(1)~~ (d)(1) No later than September 30 of each year, ~~beginning in 2017~~, the
4.5 commissioner may issue an order that an increase calculated under paragraph ~~(f)~~ (c) not
4.6 take effect. The commissioner may issue the order only if the commissioner, after
4.7 consultation with the commissioner of management and budget, finds that leading economic
4.8 indicators, including but not limited to projections of gross domestic product calculated by
4.9 the United States Department of Commerce, Bureau of Economic Analysis; the Consumer
4.10 Confidence Index issued by the Conference Board; and seasonally adjusted Minnesota
4.11 unemployment rates, indicate the potential for a substantial downturn in the state's economy.
4.12 Prior to issuing an order, the commissioner shall also calculate and consider the ratio of the
4.13 rate of the calculated change in the minimum wage rate to the rate of change in state median
4.14 income over the same time period used to calculate the change in wage rate. Prior to issuing
4.15 the order, the commissioner shall hold a public hearing, notice of which must be published
4.16 in the State Register, on the department's website, in newspapers of general circulation, and
4.17 by other means likely to inform interested persons of the hearing, at least ten days prior to
4.18 the hearing. The commissioner must allow interested persons to submit written comments
4.19 to the commissioner before the public hearing and for 20 days after the public hearing.

4.20 (2) The commissioner may in a year subsequent to issuing an order under clause (1),
4.21 make a supplemental increase in the minimum wage rate in addition to the increase for a
4.22 year calculated under paragraph ~~(f)~~ (c). The supplemental increase may be in an amount up
4.23 to the full amount of the increase not put into effect because of the order. If the supplemental
4.24 increase is not the full amount, the commissioner may make a supplemental increase of the
4.25 difference, or any part of a difference, in a subsequent year until the full amount of the
4.26 increase ordered not to take effect has been included in a supplemental increase. In making
4.27 a determination to award a supplemental increase under this clause, the commissioner shall
4.28 use the same considerations and use the same process as for an order under clause (1). A
4.29 supplemental wage increase is not subject to and shall not be considered in determining
4.30 whether a wage rate increase exceeds the limits for annual wage rate increases allowed
4.31 under paragraph ~~(f)~~ (c).

4.32 **EFFECTIVE DATE.** This section is effective January 1, 2025.

5.1 Sec. 4. Minnesota Statutes 2023 Supplement, section 204B.19, subdivision 6, is amended
5.2 to read:

5.3 Subd. 6. **Trainee election judges.** (a) Notwithstanding any other requirements of this
5.4 section, a student enrolled in a high school in Minnesota or who is in a home school in
5.5 compliance with sections 120A.22 and 120A.24, who has attained the age of 16 is eligible
5.6 to be appointed as a without party affiliation trainee election judge in the county in which
5.7 the student maintains residence, or a county adjacent to the county in which the student
5.8 maintains residence. The student must meet qualifications for trainee election judges specified
5.9 in rules of the secretary of state. A student appointed under this subdivision while enrolled
5.10 in a high school or receiving instruction in a home school may continue to serve as a trainee
5.11 election judge after the student graduates and until the student reaches the age of 18.

5.12 (b) A student appointed as a trainee election judge may be excused from school attendance
5.13 during the hours that the student is serving as a trainee election judge if the student submits
5.14 a written request signed and approved by the student's parent or guardian to be absent from
5.15 school and a certificate from the appointing authority stating the hours during which the
5.16 student will serve as a trainee election judge to the principal of the school at least ten days
5.17 prior to the election. A trainee election judge shall not serve after 10:00 p.m. Notwithstanding
5.18 section 177.24 to the contrary, trainee election judges may be paid not less than two-thirds
5.19 of the minimum wage for ~~a large~~ an employer. The principal of the school may approve a
5.20 request to be absent from school conditioned on acceptable academic performance at the
5.21 time of service as a trainee election judge.

5.22 **EFFECTIVE DATE.** This section is effective January 1, 2025.

5.23 Sec. 5. **REVISOR INSTRUCTION.**

5.24 In each of the statutory sections listed in Column A, the revisor shall replace the statutory
5.25 citation in Column B with the statutory citation listed in Column C.

5.26	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
5.27	<u>175.007, subdivision 1,</u>	<u>177.24, subdivision 1,</u>	<u>177.23, subdivision 13</u>
5.28	<u>paragraph (b)</u>	<u>paragraph (a), clause (2)</u>	
5.29	<u>222.50, subdivision 5, clause</u>	<u>177.24, subdivision 1,</u>	<u>177.24, subdivision 1,</u>
5.30	<u>(4), item (ii)</u>	<u>paragraph (b)</u>	<u>paragraph (a)</u>
5.31	<u>550.136, subdivision 3,</u>	<u>177.24, subdivision 1,</u>	<u>177.24, subdivision 1,</u>
5.32	<u>paragraph (a), clause (2)</u>	<u>paragraph (b), clause (1), item</u>	<u>paragraph (a), clause (3)</u>
5.33		<u>(iii)</u>	

6.1	<u>551.06, subdivision 3,</u>	<u>177.24, subdivision 1,</u>	<u>177.24, subdivision 1,</u>
6.2	<u>paragraph (a), clause (2)</u>	<u>paragraph (b), clause (1), item</u>	<u>paragraph (a), clause (3)</u>
6.3		<u>(iii)</u>	
6.4	<u>571.922, paragraph (a), clause</u>	<u>177.24, subdivision 1,</u>	<u>177.24, subdivision 1,</u>
6.5	<u>(2), item (i)</u>	<u>paragraph (b), clause (1), item</u>	<u>paragraph (a), clause (3)</u>
6.6		<u>(iii)</u>	