

MINNESOTA  
NELA  
Advocates For Employee Rights

March 4, 2024

**VIA ELECTRONIC MAIL**

MN House of Representatives  
Judiciary Finance and Civil Law Committee  
568 State Official Building  
St. Paul, MN 55155

***Re: MN House Judiciary Committee***

Dear Committee:

The Minnesota Chapter of the National Employment Lawyers' Association (MN-NELA) represents and advocates on behalf of workers across the State of Minnesota. In our practices, we represent workers in all manner of employment disputes. They, and thus we, have a significant and intensely personal interest in all legislation related to workers' rights and we appreciate the opportunity to offer our support for this proposal.

As a general matter, it has long been established beyond any serious dispute that restrictive covenants, and non-compete agreements in particular, hurt workers and harm competition. Indeed, as the Federal Trade Commission noted in recently proposing a rule to ban non-compete clauses, such agreements afford employers "the power to suppress wages" and also "reduce the wages of workers who aren't subject to noncompetes by preventing jobs from opening in their industry."<sup>1</sup> Moreover, existing evidence confirms that restrictive covenants decrease competition, contribute to racial and gender wage gaps, hinder innovation, stifle entrepreneurship, curtail economic liberty, and worsen working conditions.<sup>2</sup>

As a practical matter, our clients see first-hand every day that any restrictions on a worker's ability to pursue the career of their choice threatens all their other legal rights. In our practices, we often encounter situations in which our clients are forced to stay in a job where they are subjected to discrimination, harassment, retaliation, wage theft, or worse, all because they are subject to restrictive covenants that prevent them from taking a better job. Workers frequently choose not to pursue legitimate legal claims against their employer because they fear retaliation and have no other options because they have been confronted on a "take it or leave it" basis with a contract that conditions their employment on an "agreement" to forego any other legitimate

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<sup>1</sup> [www.ftc.gov/system/files/ftc\\_gov/pdf/noncompete\\_nprm\\_fact\\_sheet.pdf](http://www.ftc.gov/system/files/ftc_gov/pdf/noncompete_nprm_fact_sheet.pdf)

<sup>2</sup> *Id.*

employment in their field if they are later fired or simply decide to move on. Being forced to abandon such claims and opportunities allows bad actors to get away with unlawful behavior, contrary to the stated public policy of this State.

Minnesota has long been a leader in protecting workers' rights, and MN-NELA therefore supports this proposal, which does just that by ensuring that workers can choose the career path that is right for them and their families and stand up for their rights without having to fear entering the marketplace with limited employment opportunities. At-will employment only works if the relationship has some balance, and that balance is absent when a worker is limited in their right to leave a bad job for a better opportunity. This proposal creates better balance and will create a better workplace for all Minnesotans.

Best regards,

*s/ Sam Kramer*

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Sam Kramer, Chair MN-NELA  
MN NELA, Legislative Committee