

House Research Act Summary

CHAPTER: 134

SESSION: 2005 Regular Session

TOPIC: Exemptions from employee agency licensing requirements

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Overview

This act exempts search firms from regulation as employment agencies, reenacting a provision that was repealed in the 2001 legislative session, effective July 1, 2003. It also delays for one year, until June 30, 2006, the termination of an extended employment pilot project in Thief River Falls.

Section

- 1 Exemptions.** Defines “search firm” and then exempts search firms meeting certain conditions from regulation as employment agencies. To be exempt:
- The search firm must be retained by the employer, act on the employer’s behalf, and receive compensation only from the employer, subject to an agreement stating the position to be filled;
 - No candidate identified by the search firm will have to pay any kind of direct or indirect fee for the search firm’s services;
 - The search firm must not encourage anyone it has placed with an employer to terminate employment with that employer; and
 - The search firm must not in any other way act as an “employment agency.”

Gives the commissioner the right to inspect search firm records to ensure compliance with

these conditions.

- 2 **Fee payment prohibited.** Prohibits an employer from directly or indirectly requiring an employee placed with the employer by a search firm to pay any of the search firm's fee.
- 3 **Extended employment pilot projects.** Extends the end date of the extended employment pilot project at Thief River Falls from June 30, 2005 to June 30, 2006.