

Subject Minimum Wage

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## Overview

This bill makes several changes to minimum wage provisions in section 177.24 to remove existing distinctions and related definitional changes in section 177.23, effective January 1, 2025.

## Summary

Section	Description
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|---|---|
| 1 | <p><b>[177.23, subd. 12] Large employer.</b></p> <p>Adds existing definition of “large employer” to the definitions section of the Minnesota Fair Labor Standards Act. Relatedly, this definition is removed from the minimum wage section in section 3 of the bill. Effective January 1, 2025.</p>   |
| 2 | <p><b>[177.23, subd. 13] Small employer.</b></p> <p>Adds existing definition of “small employer” to the definitions section of the Minnesota Fair Labor Standards Act. Relatedly, this definition is removed from the minimum wage section in section 3 of the bill, and the technical cross reference updated consistently in section 5. Effective January 1, 2025.</p>  |
| 3 | <p><b>[177.24, subd. 1] Minimum wage rate.</b></p> <p>Modifies several minimum wage provisions to remove the distinctions between large and small employers and for hotels and resorts with summer work travel exchange employees and minor employees of large employers.</p> <p>Lines 2.1 to 2.22 remove the minimum wage distinctions between large and small employers, so that the large employer rate, as adjusted by DLI annually, will apply. Relatedly, the existing definitions of “large employer” and “small employer,” are removed from this section and added to the definitions in section 1 of the bill.</p> <p>Lines 2.23 to 3.3 retain the existing provision allowing employers to pay a lower training rate for the first 90 days of consecutive employment for an employee under age 20. The training rate is also adjusted annually.</p> |

Section	Description
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Lines 3.4 to 3.16 remove the minimum wage distinction allowing hotels, motels, or resorts to pay a lower rate to workers employed through a summer work travel exchange visitor program (J) nonimmigrant visa if they provide a food and lodging benefit.

Lines 3.17 to 3.25 remove the minimum wage distinction allowing large employers to pay a lower rate to employees under age 18.

Lines 3.26 to 4.31 retain the existing provision requiring the DLI commissioner to annually calculate the percentage increase to minimum wage and issue an order adjusting the minimum wage rates by September 30 each year. Clarifies that the DLI commissioner must adjust the minimum wage rates by the lesser of the inflation-based percentage or 5 percent (an increase from 2.5 percent in the existing law). Also makes consistent updates to technical cross references.

As result of these changes, the large employer minimum wage rate, currently set at \$10.85, as adjusted annually, will become the minimum wage rate applicable to most employers starting January 1, 2025, unless the training wage rate for employees under age 20 or another specific statutory rate applies, for example for trainee election judges under section 4. If a city has a separate minimum wage rate requirement, then the higher of the two rates will apply in that particular city.

Effective January 1, 2025.

**4 [204B.19] Trainee election judges.**

Makes consistent change to the lower rate for trainee election judges to clarify they can continue to be paid two-thirds of the minimum wage rate, without distinction for a large employer. Effective January 1, 2025.

**5 Revisor instruction.**

Makes consistent technical cross reference updates based on the changes made to sections 177.23 and 177.24 in sections 1, 2, and 3 of the bill.



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