

Subject Covenants Not to Compete

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Overview

This bill prohibits covenants not to compete in employment agreements for employees making under a certain amount.

Summary

Section	Description
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1	Covenants not to compete void in employment agreements; substantive protections of Minnesota law apply.
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Subd. 1. Definitions. Provides the definitions used in the bill. Defines a “covenant not to compete” as an employment agreement that prevents an employee from working for another employer after their termination for a certain time period, in a certain geographic area, or in a similar capacity. A “covenant not to compete” does not include: nonsolicitation agreements, a confidentiality or nondisclosure agreement, an agreement prohibiting use or disclosure of trade secrets or inventions, an invention assignment agreement, and certain other specified agreements.

Subd. 2. Covenants not to compete void and unenforceable. Makes covenants not to compete in contracts and employment agreements void and unenforceable for employees earning equal to or less than the median income for a four-person family in Minnesota. Clarifies that other remaining provisions of the contract or agreement remain in effect. Provides for injunctive relief plus attorney’s fees for violations of this section.

Subd. 3. Choice of law; venue. Prohibits an employer from requiring an employee primarily working and living in Minnesota from agreeing to resolve claims under this section outside of Minnesota or without the protection of Minnesota law unless the employee has legal counsel in negotiating choice of law provisions in their contract. Provides for injunctive relief plus attorney’s fees to a prevailing plaintiff for violations of this section.

Section **Description**

Subd. 4. Severability. Clarifies that if any portion of the bill is found void or unconstitutional by a court, all remaining provisions remain valid and in force.

Effective date: Effective the day following final enactment. Applies to contracts and agreements entered into on or after that date.



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