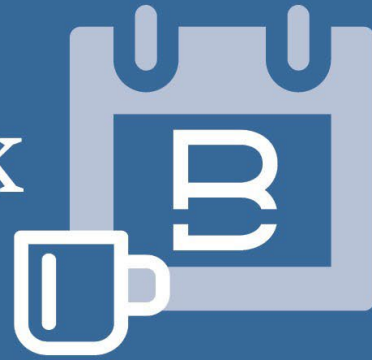


The Work Week

Bassford Remele Employment Practice Group



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Welcome to another edition of *The Work Week with Bassford Remele*. Each Monday morning, we will publish and send a new article to your inbox to hopefully assist you in jumpstarting your work week.

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New and Recent Laws that Every Employer in Minnesota Should Know for 2025

[Andrew T. James](#)

The ball has dropped on 2024, and we have flipped the page ahead to 2025. With the new year, however, comes new compliance risks for Minnesota employers arising from a host of laws that were passed for 2025 or that changed in late-2024. Below is a list of notable legal developments for Minnesota employers in 2025; however, in particular, if anything in this article comes as a surprise to you, please contact us to see if other legal changes may apply to your specific business.

Pay and Benefits Transparency (2025)

Starting on January 1, 2025, employers with 30 or more employees in Minnesota are subject to a new statewide pay-transparency law. Specifically, [Minnesota Statutes § 181.173](#) requires those employers to disclose “in each job posting for each job opening” the “starting salary range, and a general description of all of the benefits and other compensation, including but not limited to any health or retirement benefits, to be offered to a hired job applicant.” An open salary range is not permitted, and if no salary range is intended, the fixed-pay rate must be provided. The statutory definition of “posting” is remarkably broad, even extending to indirect recruitment through a third party and hard-copy postings. Both the Minnesota Department of Labor and Industry and the Minnesota Attorney General have authority to enforce this new law.

Pay-transparency laws such as this one are part of a broader effort to eliminate hiring practices that may covertly or inadvertently result in race- or sex-based disparities in compensation. For example, [last year](#) Minnesota also banned asking applicants for salary-history information, which can be enforced by a private civil action by the employee. Other states that have also passed pay-transparency laws include California, Colorado, Connecticut, Hawaii, Illinois, Maryland, Massachusetts, Nevada, New York, Rhode Island, Vermont, and Washington, and counties in New Jersey, Ohio, and New York. Employers in any of

these areas, or that solicit employment applicants from these areas, should seek sophisticated counsel to ensure compliance.

Amended Sick and Safe Time Requirements (2025)

Back in 2023, Minnesota passed the Earned Sick and Safe Time law (“ESST”). Effective at the beginning of last year, on January 1, 2024, ESST requires Minnesota employers to provide paid sick and safe time to eligible employees in the state.

Several amendments to this law [were added in 2024](#) and are now in effect. Importantly, the ESST rules and protections now apply any time an employee uses PTO for ESST-qualifying purposes—even if the employee has already used their allotted ESST time. This change alone has prompted many Minnesota employers to revisit their PTO policies to ensure compliance with ESST’s notice and documentation requirements. The amendments also clarify how ESST time is to be calculated on a “base rate,” and expand the list of ESST-qualifying reasons to include funeral leave. A new recordkeeping rule now requires that employers keep ESST records for three years.

Minimum Wage Rate Hike (2025)

Effective January 1, 2025, Minnesota’s minimum-wage rates for all employers (including large employers, small employers, youth and J-1 visa wages for hotels, motels, and lodging establishments) [increased to \\$11.13 an hour](#). A lower 90-day training wage still applies for workers under 20 years of age. However, the cities of Minneapolis and St. Paul have ordinances that need to also be taken into account when considering the appropriate wage for workers.

Minnesota Human Rights Act Changes (2024)

As we covered in greater detail in a [previous edition of *The Work Week*](#), effective on August 1, 2024, Minnesota made several critical changes to its statewide Minnesota Human Rights Act (“MHRA”). Most relevant to employers, the amendments clarify that a jury (not a judge) must determine the extent of any damages, including punitive damages and treble damages. Relatedly, the \$25,000 punitive-damages cap was removed, allowing for larger (unlimited) penalties against employers who act with deliberate disregard for the rights or safety of others.

Another notable change under the amended MHRA is a broadened definition of “disability,” which now applies where an impairment “is episodic or in remission and would materially limit a major life activity when active,” a change that parallels similar language under the federal Americans with Disabilities Act Amendments Act (“ADAAA”). Additionally, charging parties now have 90 days to file suit after notice of dismissal by the MDHR, another change that parallels similar rules under the ADAAA and Title VII.

Misclassification of Employees as Independent Contractors and New Rules for Construction Companies (2025 and 2024)

[Effective on July 1, 2024](#), Minnesota bulked up the penalties if employers misclassify employees as independent contractors. Compensatory damages are now available, along with civil penalties up to

\$10,000 for each misclassified person and each violation, as well as a penalty of up to \$1,000 for each person who fails to cooperate or who obstructs an investigation into violations.

[Effective on March 1, 2025](#), companies in the construction industry will be subject to a new 14-factor test focusing on the time at which the services were provided. Construction companies may now incur liability by requiring a worker to register with DOLI as a construction contractor or agreeing to classification as an independent contractor. Changes also include higher penalties in the construction industry: Companies may face penalties of up to \$10,000 *each time* a person is misclassified under this new test, and individual liability is possible where the violations are knowing or repeated.

Electronic Tips to Workers (2024)

[As of August 1, 2024](#), any tips paid in Minnesota by card or e-payment must be provided to the employees *in full*. These gratuities via electronic payments must be paid to the employee in the next pay period.

The attorneys in Bassford Remele's [Employment Law practice group](#) have extensive experience advising employers on these and other new and changing laws, regulations, and ordinances, from federal to local. Please reach out to any of our team members for guidance, questions, or further assistance. We would love to hear from you.

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