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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 4496

03/18/2026 Authored by Quam

The bill was read for the first time and referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy

1.1 A bill for an act
1.2 relating to paid leave; exempting various employees from covered employment;
1.3 amending Minnesota Statutes 2024, section 268B.01, subdivisions 15, 17, by
1.4 adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter
1.5 356B.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2024, section 268B.01, subdivision 15, is amended to read:

1.8 Subd. 15. Covered employment. (a) "Covered employment" means performing services
1.9 of whatever nature, unlimited by the relationship of master and servant as known to the
1.10 common law, or any other legal relationship performed for wages or under any contract
1.11 calling for the performance of services, written or oral, express or implied.

1.12 (b) For the purposes of this chapter, covered employment means an employee's entire
1.13 employment during a calendar year if:

1.14 (1) 50 percent or more of the employment during the calendar year is performed in
1.15 Minnesota; or

1.16 (2) 50 percent or more of the employment during the calendar year is not performed in
1.17 Minnesota or any other single state within the United States, or United States territory or
1.18 foreign nation, but some of the employment is performed in Minnesota and the employee's
1.19 residence is in Minnesota during 50 percent or more of the calendar year.

1.20 (c) "Covered employment" does not include:

1.21 (1) a self-employed individual;

1.22 (2) an independent contractor; ø

2.1 (3) employment by a seasonal employee, as defined in subdivision 35;

2.2 (4) employment by a substitute employee, as defined in subdivision 40a; or

2.3 (5) employment by an individual covered in section 356B.015.

2.4 (d) Entities that are excluded under this section may opt in to coverage following a  
2.5 procedure determined by the commissioner. In such cases, services provided by employees  
2.6 are considered covered employment under subdivision 15.

2.7 (e) The commissioner may adopt rules in accordance with chapter 14 to:

2.8 (1) further define the application of this subdivision; and

2.9 (2) establish the criteria for covered employment for individuals that do not meet the  
2.10 criteria in paragraphs (a) and (b), but that perform services as an employee to a Minnesota  
2.11 employer.

2.12 (f) Notwithstanding this subdivision, an employee covered under part-year employment  
2.13 is only eligible to use accrued paid leave benefits during the time the employee is not actively  
2.14 employed and working for a covered employer.

2.15 (g) Notwithstanding this subdivision, an employee covered under section 268.085,  
2.16 subdivision 7, is only eligible to use accrued paid leave benefits during the time the employee  
2.17 is actively employed and working for a covered employer.

2.18 Sec. 2. Minnesota Statutes 2024, section 268B.01, subdivision 17, is amended to read:

2.19 Subd. 17. **Employee.** (a) "Employee" means an individual who performs services of  
2.20 whatever nature for an employer.

2.21 (b) Employee does not include ~~employees of the United States of America, self-employed~~  
2.22 ~~individuals, or independent contractors.~~

2.23 (1) an employee of the United States of America, a self-employed individual, or an  
2.24 independent contractor;

2.25 ~~(e) Employee does not include~~ (2) a seasonal employees employee, as defined in  
2.26 subdivision 35;

2.27 (3) a substitute employee, as defined in subdivision 40a; and

2.28 (4) an employee covered in section 356B.015.

3.1 Sec. 3. Minnesota Statutes 2024, section 268B.01, is amended by adding a subdivision to  
3.2 read:

3.3 Subd. 32a. **Part-year employment.** "Part-year employment" means employment under  
3.4 a fixed-term contract or agreement under which the employee's required service period is  
3.5 less than 12 months in a calendar year and the employee's annual compensation is paid in  
3.6 equal monthly installments over a 12-month period, regardless of the number of months or  
3.7 days worked.

3.8 Sec. 4. Minnesota Statutes 2024, section 268B.01, is amended by adding a subdivision to  
3.9 read:

3.10 Subd. 40a. **Substitute employee.** "Substitute employee" means a temporary employee  
3.11 hired to replace a specific regular employee during a defined period of absence under this  
3.12 chapter and who does not acquire permanent status by virtue of the temporary service.

3.13 Sec. 5. **[356B.015] REEMPLOYMENT.**

3.14 Subdivision 1. **Return to employment.** A member of a retirement plan listed under  
3.15 section 356B.01, paragraph (d), who has separated from service and is receiving an annuity  
3.16 or has applied to receive an annuity may return to employment if doing so is for the purposes  
3.17 of acting as a substitute employee under section 268B.01.

3.18 Subd. 2. **Effect on annuity.** (a) Notwithstanding any other law to the contrary, a member's  
3.19 return to employment under this section does not impact the member's continued receipt of  
3.20 an annuity or commencement of annuity payments.

3.21 (b) During the period of reemployment, the amount of the annuity must not increase or  
3.22 decrease as a result of the reemployment.