

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 3782

(SENATE AUTHORS: DORNINK, Rarick, Wesenberg, Hoffman and Pha)

DATE	D-PG	OFFICIAL STATUS
02/23/2026	6368	Introduction and first reading Referred to Jobs and Economic Development
03/02/2026	6462	Author added Pha

1.1 A bill for an act

1.2 relating to paid leave; exempting certain S corporations from the paid leave

1.3 program; amending Minnesota Statutes 2024, section 268B.01, subdivisions 15,

1.4 17.

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

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

1.7 Subd. 15. **Covered employment.** (a) "Covered employment" means performing services

1.8 of whatever nature, unlimited by the relationship of master and servant as known to the

1.9 common law, or any other legal relationship performed for wages or under any contract

1.10 calling for the performance of services, written or oral, express or implied.

1.11 (b) For the purposes of this chapter, covered employment means an employee's entire

1.12 employment during a calendar year if:

1.13 (1) 50 percent or more of the employment during the calendar year is performed in

1.14 Minnesota; or

1.15 (2) 50 percent or more of the employment during the calendar year is not performed in

1.16 Minnesota or any other single state within the United States, or United States territory or

1.17 foreign nation, but some of the employment is performed in Minnesota and the employee's

1.18 residence is in Minnesota during 50 percent or more of the calendar year.

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

1.20 (1) a self-employed individual;

1.21 (2) an independent contractor; or

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

2.2 (4) employment of a corporate officer of a subchapter S corporation, as organized under
2.3 the Internal Revenue Code, if the officer directly or indirectly, including through a subsidiary
2.4 or holding company, owns 25 percent or more of the employer corporation.

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

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

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

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

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

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

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

2.18 (c) Employee does not include seasonal employees as defined in subdivision 35.

2.19 (d) Employee does not include a corporate officer of a subchapter S corporation, as
2.20 organized under the Internal Revenue Code, if the officer directly or indirectly, including
2.21 through a subsidiary or holding company, owns 25 percent or more of the employer
2.22 corporation.