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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3456

02/12/2024 Authored by Greenman; Long; Nelson, M.; Frederick; Jordan and others
The bill was read for the first time and referred to the Committee on Labor and Industry Finance and Policy
02/19/2024 Adoption of Report: Re-referred to the Committee on Judiciary Finance and Civil Law

1.1 A bill for an act
1.2 relating to labor; prohibiting restrictive employment covenants in certain service
1.3 contracts; proposing coding for new law in Minnesota Statutes, chapter 181.

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

1.5 Section 1. 181.9881 RESTRICTIVE EMPLOYMENT COVENANTS; VOID IN
1.6 SERVICE CONTRACTS.

1.7 Subdivision 1. Definitions. (a) "Customer" means an individual, partnership, association,
1.8 corporation, business, trust, or group of persons hiring a service provider for services.

1.9 (b) "Employee," as used in this section, means any individual who performs services
1.10 for a service provider, including independent contractors. "Independent contractor" has the
1.11 meaning given in section 181.988, subdivision 1, paragraph (d).

1.12 (c) "Service provider" means any partnership, association, corporation, business, trust,
1.13 or group of persons acting directly or indirectly as an employer or manager for work
1.14 contracted or requested by a customer.

1.15 Subd. 2. Restrictive employment covenants; void and unenforceable. (a) No service
1.16 provider may restrict, restrain, or prohibit in any way a customer from directly or indirectly
1.17 soliciting or hiring an employee of a service provider.

1.18 (b) Any provision of an existing contract that violates paragraph (a) is void and
1.19 unenforceable. When a provision in an existing contract violates this section, the service
1.20 provider must provide notice to their employees of this law.

2.1 Subd. 3. Service provider agreement amendment. Notwithstanding any law to the
2.2 contrary, no later than one year from the effective date of this section, service providers
2.3 shall:

2.4 (1) amend existing agreements to remove any restrictive employment provision that
2.5 violates subdivision 2; or

2.6 (2) sign a memorandum of understanding with each customer that provides that any
2.7 contract provisions that violate subdivision 2 in any way are void and unenforceable, and
2.8 provides notice to their employees and the customer of their rights and obligations under
2.9 this section.

2.10 **EFFECTIVE DATE.** This section is effective July 1, 2024.