

187.12 PENALTIES FOR NONCOMPLIANCE.

Subdivision 1. **Failure to enroll covered employees or distribute information.** (a) The board may assess penalties against a covered employer that fails to comply with section 187.07, subdivision 1 or 3 or both subdivisions 1 and 3, beginning with the second anniversary of the date on which the covered employer was first required to comply with section 187.07, subdivision 1 or 3, as applicable.

(b) The board may assess the following penalties for a covered employer's failure to comply with section 187.07, subdivision 1 or 3:

- (1) on the second anniversary, a penalty of \$100 per covered employee, not to exceed \$4,000;
- (2) on the third anniversary, a penalty of \$200 per covered employee, not to exceed \$6,000;
- (3) on the fourth anniversary, a penalty of \$300 per covered employee; and
- (4) on each anniversary after the fourth anniversary, a penalty of \$500 per covered employee.

(c) If the covered employer fails to comply with section 187.07, subdivisions 1 and 3, the board must assess two times the penalties in paragraph (b).

(d) The date on which a covered employer is first required to comply with section 187.07, subdivision 1, is the following:

(1) for paragraph (a), on or before the 30th day after the first day of employment of a covered employee hired by the covered employer; and

(2) for paragraph (b), on or before the 30th day after the end of the enrollment window applicable to the covered employer.

(e) The date on which a covered employer is first required to comply with section 187.07, subdivision 3, is the following:

(1) for paragraph (a), for a newly hired covered employee, no later than 14 days after the covered employee's first day of employment; and

(2) for paragraph (b), no later than the 14th day prior to the date of the first paycheck from which employee contributions could be deducted for transmittal to the program.

Subd. 2. **Notice and waiver.** Before assessing a penalty under subdivision 1, the board must provide the covered employer with a written notice informing the covered employer of the amount of the penalty and that the penalty will not be assessed if:

- (1) the covered employer cures the violation no later than 30 days after the date of the notice; or
- (2) the board waives the penalty at the request of the covered employer due to extenuating circumstances.

Subd. 3. **Failure to remit contributions.** (a) If the executive director has reason to believe, based on communication from a covered employee or another source, that a covered employer has failed to comply with section 187.07, subdivision 2, by not remitting payroll deduction contributions withheld from the paycheck of one or more covered employees within 30 days after the deduction is withheld, the executive director must make a written demand to the covered employer requiring the covered employer to immediately remit to the program the withheld contributions plus interest at the annual rate specified in section 356.59,

subdivision 2, for the period beginning with the tenth day after the contribution was deducted from the covered employee's paycheck to the date the contribution is remitted to the program.

(b) Any covered employer that willfully and intentionally fails to remit a payroll deduction contribution within ten days after demand from the executive director is guilty of a misdemeanor.

(c) If the executive director issues a written demand to a covered employer under paragraph (a) for a second time, the executive director must assess a penalty of \$250 for each employee contribution withheld but not transmitted to the program.

Subd. 4. **Action; damages.** (a) A covered employee or the attorney general, upon referral from the board, may bring a civil action against a covered employer for a failure to enroll covered employees, distribute information, or remit contributions under section 187.07, subdivisions 1 to 3. A covered employer who is found to have violated section 187.07, subdivisions 1 to 3, is liable to the program for the civil penalties provided for in this section. A covered employer who is found to have violated section 187.07, subdivisions 1 to 3, is liable for compensatory damages and other appropriate relief including but not limited to injunctive relief.

(b) The attorney general, upon referral from the board, may bring a criminal action against a covered employer for the willful and intentional failure to remit contributions under section 187.07, subdivision 2.

(c) An action brought under paragraph (a) or (b) may be filed in the district court of the county in which a violation is alleged to have been committed, where the covered employer resides or has a principal place of business, or any other court of competent jurisdiction.

(d) In an action brought under paragraph (a) or (b), the court must order a covered employer who is found to have committed a violation to pay to the program or covered employee, as appropriate, reasonable costs, disbursements, witness fees, and attorney fees.

History: 2025 c 37 art 9 s 15