

Featured Professionals

Ashley R. Thronson

Related ServicesEmployment, Labor &
Benefits

New and Updated Wage and Hour Requirements Take Effect for Employers in Minnesota

Legal Update

09.03.2019

By Ashley R. Thronson

The last few months have brought a number of changes, big and small, to what is required of employers in Minnesota. Here are some of the changes that Minnesota employers need to know to stay compliant in an ever-changing legal environment.

Wage Records, Payment, and Disclosure

At the end of the 2018-2019 term, the Minnesota legislature enacted a number of amendments that subject employers to new pay recordkeeping and notice requirements. These amendments took effect July 1, 2019:

1. Required Disclosures at the Start of Employment and Prior to Any Change

Employers must now provide each employee, at the start of employment, written notice that contains all of the following information:

- The rate or rates of pay and basis thereof, including whether the employee is paid by the hour, shift, day, week, salary, piece, commission, or other method, and the specific application of any additional rates;
- Allowances, if any, claimed pursuant to permitted meals and lodging;
- Paid vacation, sick time, or other paid time-off accruals and terms of use;
- The employee's employment status and whether the employee is exempt from minimum wage, overtime, and other provisions of wage and hour laws, and on what basis;
- A list of deductions that may be made from the employee's pay;
- The number of days in the pay period, the regularly scheduled pay date, and the pay day on which the employee will receive the first payment of wages earned;
- The legal name of the employer and the operating name of the employer if different from the legal name;
- The physical address of the employer's main office or principal place of business and a mailing address if different; and

- The telephone number of the employer.

The notice must be provided to each employee in English and must include text provided by the Commissioner of the Minnesota Department of Labor & Industry that informs employees they may request that the notice be provided in a language other than English. If requested, employers must provide the notice in the language requested by the employees.

The amendments also require employers to provide written notice of any change to the information contained in the original notice *before* the change takes effect. In other words, if a company implements company-wide raises, all affected employees must receive written notification of the change in pay before the raises are implemented. Similarly, if there are changes to an employee's information (listed above), the employee must receive prior written notice. Employers must obtain and keep a signed acknowledgment of receipt of the notice for each employee.

2. Required Information in Earning Statements

While employers were already required to provide certain information to employees in payroll earning statements, new amendments require additional disclosures, including the basis of the employee's rate of pay.

The following information must now be included on employees' earning statements (new requirements italicized):

- The name of the employee;
- The hourly rate or rates of pay *and basis thereof, including whether the employee is paid by hour, shift, day, week, salary, piece, commission, or other method;*
- *Allowances, if any, claimed pursuant to permitted meals and lodging;*
- The total number of hours worked by the employee unless exempt;
- The total amount of gross pay earned by the employee during the period;
- A list of the deductions made from the employee's pay;
- The net amount of pay after all deductions are made;
- The date on which the pay period ends;
- The legal name of the employer and the operating name of the employer if different from the legal name;
- *The physical address of the employer's main office or principal place of business, and a mailing address if different; and*
- *The telephone number of the employer.*

3. Other Required Recordkeeping Information

Employers are now required to keep:

- A list of the personnel policies provided to each employee, including the date the policies were given and a brief explanation of the policies;
- A copy of the wage notices described above, including the change notices; and
- If the employee is paid on a piece rate, the number of pieces completed at each piece rate.

4. Payment of Commissions

Employers are required to pay all wages (including salary, earnings, and gratuities) earned by an employee at least once every 31 days, on predetermined regular paydays. The new amendments now require that commissions be paid at least once every three months.

Updated Requirements for Doing Business in Minneapolis

Employers who do business in Minneapolis need to be aware of two other important employment law updates.

The first is that the Minneapolis Sick and Safe Time Ordinance now applies to any employee who works at least 80 hours a year in Minneapolis – even if the employer is located outside of the city limits. Now, employers outside of Minneapolis with employees who work in the city need to pay attention to the city's ordinances and requirements (including paid sick leave and minimum wage).

Secondly, the minimum wage increased under the Minneapolis Minimum Wage Ordinance on July 1, 2019, to \$11.00 per hour for small businesses (100 or fewer employees) and \$12.25 per hour for large businesses (more than 100 employees). The next scheduled increase under the ordinance will take effect on July 1, 2020.