Provided By Employco USA, Inc.

Employment Law Summary

Minnesota

Minimum Wage and Overtime Laws

The federal Fair Labor Standards Act (FLSA) regulates minimum wage, overtime pay and work hour requirements for most employees. The current federal minimum wage rate is $7.25 per hour for nonexempt employees. The Minnesota Fair Labor Standards Act (MFLSA) complements federal law and, in some cases, prescribes more stringent or additional requirements that employers must follow. Whenever employers are subject to both state and federal laws, the law that provides the greater protection or benefit for employees will apply.

The Minnesota Department of Labor and Industry (MDLI) enforces compliance with the MFLSA throughout the state.

Minimum Wage Rate

The information below provides an overview of Minnesota's minimum wage rate. Minnesota's state minimum wage rate is adjusted annually by Aug. 31 to account for inflation.

Effective Date	Jan. 1, 2026
State minimum wage	$11.41
90-day training wage (employees under 20 years of age)	$9.31

St. Paul

The table below provides an overview of St. Paul's minimum wage rate.

Effective Date	Jan. 1, 2026	July 1, 2026	Jan. 1, 2027	July 1, 2027
Macro and large business (101+ employees)	$16.37	$16.37	TBD	TBD
Small business (6-100 employees)	$15	$16.37	$16.37	TBD
Micro business (5 or fewer employees)	$13.25	$14.25	$14.25	$15

St. Paul's minimum wage rates for each group will continue to rise until they match the rate for macro and large businesses (employers with 101 or more employees). This rate will be the "standard" rate and will apply to micro businesses beginning July 1, 2028.

Minneapolis

The table below provides an overview of Minneapolis' minimum wage rate.

Effective Date	Jan. 1, 2026
Large and small employers	$16.37

Tipped Employees

Minnesota law **does not allow** employers to use an employee's tips to offset the employee's minimum wage rate. Tipped employees must be paid at least the general minimum wage rate, plus any tips the employee earns. Employers cannot require employees to contribute or share tips with the employer, another employee, or any fund or pool.

Workers With Disabilities

In Minnesota, employers must obtain a permit to pay a subminimum wage rate to a worker with a disability. For a permit issued by the MDLI, the subminimum rate will be based on the extent to which the worker's performance is limited and must be at least 50% of the minimum wage unless a lesser rate is allowed under a permit issued by the U.S. Department of Labor. Workers with disabilities paid at a subminimum wage cannot make up more than 10% of an employer's workforce unless the employer has a special permit from the MDLI.

A worker with a disability who can perform work equal to that of a worker without a disability must be paid a wage rate at least equal to the wage rate paid to a person without a disability with similar experience and skill.

Overtime Pay

The MFLSA covers all employers, including any person or group acting directly or indirectly in an employer's interest. While the federal standard calculates overtime using a 40-hour workweek, Minnesota law requires employers to compensate their employees with 1.5 times their regular wage rate for any hours worked in excess of 48 hours in a workweek. The hours an employee works during one workweek may not be averaged with the hours worked during any other workweek. Public employees may receive time off at the rate of 1.5 hours for each hour of overtime work instead of overtime wages.

Calculating Regular Rate of Pay

An employee's regular rate is the actual rate of pay they receive for a standard, nonovertime workweek. Employers must calculate their employees' regular rate before determining applicable overtime wages. An employee's regular rate can vary from week to week and may be different from the employee's contractual rate of pay.

To calculate an employee's regular rate for a specific work period, employers must divide the employee's entire compensation for a workweek by the number of hours the employee worked during that period. An employee's entire compensation is the total amount paid to the employee. Generally, this includes the employee's hourly rate, shift differential, tips, nondiscretionary bonuses, production bonuses and commissions, and does not include:

- Reimbursements for expenses incurred on the employer's behalf;
- Premium payments of at least 1.5 times the normal rate for overtime work or work on Saturdays, Sundays, holidays and scheduled days off;
- Gifts;
- Discretionary bonuses;
- Employer payments under a bona fide profit-sharing or savings plan (if amounts are determined regardless of the employee's production or efficiency);
- Employer contributions to a retirement or other benefit plan; or
- Payment for periods when the employee does not perform work, including vacations, holidays or sick days.

A workweek in Minnesota is a fixed, recurring period of 168 hours, or seven consecutive 24-hour workdays. Once the workweek is established, it remains fixed unless the employer makes a permanent change. The change must not be made to evade the state's overtime provisions. If the employer does not designate the workweek, the workweek is the calendar week.

Minimum Wage and Overtime Exemptions

Minimum Wage and Overtime Exempt Employees

The MFLSA exempts several workers from the state's minimum wage and overtime requirements, including:

- Employees covered by the FLSA or other federal minimum wage and overtime regulations;
- Bona fide executive, administrative and professional employees;
- Outside salespersons;
- Certain agricultural workers;
- Volunteers working for a nonprofit organization;
- Seasonal employees working for an organized resident or day camp;
- Individuals under the age of 18 working less than 20 hours per week for a municipality recreational program;
- Taxicab drivers;
- Babysitters who work as solo practitioners;
- Elected officials serving on a governmental board, commission, committee or other similar body;
- Public employees who are ineligible for membership in the Public Employees Retirement Association;
- State employees working as a natural resource manager 1, 2 or 3 (conservation officer);
- Individuals working under the jurisdiction of the U.S. Department of Transportation;

- County employees working in a single-family home school who are required to reside at the home school to supervise children;
- Seafarers exempt from federal overtime standards (including pilots, sailors, engineers, radio operators, firefighters, security guards, pursers, surgeons, cooks and stewards);
- Members of religious orders who serve in schools, hospitals and other nonprofit institutions operated by their order (including nuns, monks, priests, lay brothers and sisters, ministers and deacons); and
- Police and fire protection officers employed by a political subdivision.

Overtime Exemptions

Executive, Administrative and Professional Exemptions

Executive, administrative and professional employees must be paid a guaranteed and predetermined weekly salary and perform certain job duties to be exempt from the MFLSA's overtime provisions. The MFLSA establishes short and long tests for determining executive, administrative and professional exemptions. Employees only need to satisfy one of the tests to be classified as exempt. There is a single test for the outside salesperson exemption.

Overtime Exempt Employees

The MFLSA exempts several workers from the state's overtime requirements, including:

- Seasonal carnival, circus, fair or ski facility employees;
- Sugar beet hand laborers paid on a piece rate basis (their regular rate of pay must be at least 40 cents higher than the state minimum wage rate);
- Individuals who work in the construction of on-farm silos or installation of appurtenant equipment on a unit or piece rate basis (their regular rate must be higher than the state minimum wage rate);
- Sales, parts or mechanic personnel who primarily sell or service automobiles, trailers, trucks or farm implements (must also be paid on a commission or incentive basis if employed by a nonmanufacturing establishment that primarily sells the vehicles to ultimate purchasers);
- Air carrier employees subject to the Railway Labor Act (when overtime hours were not required but were voluntarily agreed on and traded for subsequent scheduled hours); or
- Individuals working under a collective bargaining agreement that meets FLSA requirements.

Posting

Employers subject to the MFLSA must post and maintain a summary of the MFLSA approved by the MDLI in a conspicuous and accessible place in or about the employer's premises where covered employees work. The MDLI has provided a model poster that employers can use to satisfy this requirement.

Enforcement and Penalties

Employers that violate the MFLSA may be liable for up to $10,000 for each failure to submit or deliver required records.

The MDLI may impose the following penalties for MFLSA violations:

- Cease and desists;
- Remedies, damages and penalties provided for in the violated section;
- Back pay;
- Reinstatement and any other appropriate relief;
- Gratuities;
- Compensatory damages;
- Liquidated damages;
- Reimburse the MDLI for litigation and hearing costs; and
- An additional civil penalty of up to $10,000 for each violation, for each repeated or willful violation.

Employees may bring civil action for MFLSA violations. Employers that pay employees less than the wages they are owed may be liable for the full amount of the wages, gratuities and overtime (less any amount paid to the employee); an additional equal amount as liquidated damages; and reasonable costs, disbursements, witness fees and attorney fees. Employees may also seek damages and other appropriate relief as provided by law.

Civil Penalties

Employers may be fined between **$700 and $3,000** for discharging or discriminating against employees who:

- Complain about unpaid wages to the employer or the MDLI;
- Institute or will institute a proceeding because of an MFLSA violation; or
- Testify or will testify in any proceeding.

The MDLI may fine employers **up to $1,000 for** each failure to maintain records and **up to $5,000** for repeated violations. In addition, employers that fail to post the required MFLSA notice may be fined up to **$200** for each violation.

Criminal Penalties

Employers commit a **misdemeanor**, punishable by significant fines, imprisonment or both, if they:

- Hinder or delay the state in the performance of required duties;
- Refuse to admit the MDLI to the employer's place of business;
- Repeatedly fail to make, keep and preserve records required by the MFLSA;
- Falsify any record;
- Refuse to make any record available or to furnish a sworn statement of the record;
- Repeatedly fail to post the notice required by the MFLSA;
- Pay or agree to pay wages at a rate lower than the state minimum wage rate;

- Refuse to allow adequate break time from work as required by law; or
- Otherwise violate a provision of the MFLSA.

More Information

Contact Employco USA, Inc. for more information on wage and hour laws in Minnesota.