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March 15, 2023

**Senate File 405 (Mann)**

Dear Chair Latz and Members of the Senate Judiciary Committee,

The National Federation of Independent Business (NFIB) represents over 10,000 small businesses in every corner of our state. We advocate for the best interests of Main Street.

NFIB opposes Senate File 405 because it jeopardizes small employers' investments in their business, products, and workers.

When done properly, Minnesota courts have long found that non-compete agreements are a valid tool for protecting legitimate employer interests such as specialized training. A valid non-compete must not only protect a legitimate interest, but it must also provide compensation and be limited in duration, scope of activity, and geographic area. And an agreement signed post-employment must be accompanied by additional compensation.

Further, we believe the bill's broad definition of "covenant not to compete" jeopardizes the viability of other employment agreements. For instance, confidentiality and non-solicitation agreements could also restrict an employee "from performing... work for another employer in a capacity that is similar to the employee's work for the employer that is party to the agreement."

We urge the committee to carefully consider the impacts on small business and shield other forms of protective employment agreements that are not the subject of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read 'John L. Reynolds', is written over a light blue horizontal line.

John L. Reynolds  
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