

S.F. No. 405 – Covenants not to compete (1st Engrossment)

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S.F. 405 would make covenants not to compete in employment agreements void and unenforceable unless the exception provided in the bill applies.

Section 1. **Covenants not to compete void in employment agreements; substantive protections of Minnesota law apply.** [§ 181.987] Subdivision 1. **Definitions.** Provides definitions for terms used in this section including “covenant not to compete” and “employer.”

Subdivision 2. **Covenants not to compete void and unenforceable.** Makes covenants not to compete void and unenforceable. Provides for injunctive relief and attorney’s fees for violations.

Subdivision 3. **Choice of law; venue.** Prohibits an employer from requiring an employee working and living in Minnesota from agreeing to resolve claims outside of Minnesota or without the protection of Minnesota law. Provides for injunctive relief and attorney’s fees for violations.

Subdivision 4. **Severability.** Specifies that all remaining provisions of the bill are valid if any portion is found void or unconstitutional.

Effective date: Provides an effective date of the day following final enactment. Applies to contracts and agreements entered into on or after that date.