

## **S.F. No. 1258 – Sexual harassment or abuse settlements (2nd Engrossment)**

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**S.F. 1258** prohibits sexual harassment and abuse settlements between employers and employees from being provided as wages or severance pay regardless of whether the settlement also include a nondisclosure agreement. The bill also allows for an individual income tax subtraction for damages received.

**Section. 1. Sexual harassment or abuse settlement; payment as severance or wages prohibited.** Prohibits financial settlements in sexual harassment or abuse cases between employers and employees from paying the settlement as wages or severance pay regardless of whether the settlement also includes a nondisclosure agreement. Effective the day following final enactment and applies to settlements entered into on or after that date.

**Section 2. Damages for sexual harassment or abuse.** Provides an individual subtraction from taxable income for (1) damages received under a sexual harassment or abuse claim for injuries that are not physical injuries or sicknesses; and (2) severance pay received in settlement of a sexual harassment or abuse claim if the settlement does not include a nondisclosure agreement.

Effective for taxable years beginning after December 31, 2022.