

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 3721

(SENATE AUTHORS: MANN and McEwen)

DATE	D-PG	OFFICIAL STATUS
02/15/2024	11604	Introduction and first reading Referred to Labor

1.1

A bill for an act

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relating to labor; prohibiting restrictive employment covenants in certain service

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contracts; proposing coding for new law in Minnesota Statutes, chapter 181.

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

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Section 1. **[181.9881] RESTRICTIVE EMPLOYMENT COVENANTS; VOID IN**

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SERVICE CONTRACTS.

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Subdivision 1. **Definitions.** (a) "Customer" means an individual, partnership, association,

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corporation, business, trust, or group of persons hiring a service provider for services.

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(b) "Employee," as used in this section, means any individual who performs services

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for a service provider, including independent contractors. "Independent contractor" has the

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meaning given in section 181.988, subdivision 1, paragraph (d).

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(c) "Service provider" means any partnership, association, corporation, business, trust,

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or group of persons acting directly or indirectly as an employer or manager for work

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contracted or requested by a customer.

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Subd. 2. **Restrictive employment covenants; void and unenforceable.** (a) No service

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provider may restrict, restrain, or prohibit in any way a customer from directly or indirectly

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soliciting or hiring an employee of a service provider.

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(b) Any provision of an existing contract that violates paragraph (a) is void and

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unenforceable. When a provision in an existing contract violates this section, the service

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provider must provide notice to their employees of this law.

- 2.1 Subd. 3. **Service provider agreement amendment.** Notwithstanding any law to the
2.2 contrary, no later than one year from the effective date of this section, service providers
2.3 shall:
- 2.4 (1) amend existing agreements to remove any restrictive employment provision that
2.5 violates subdivision 2; or
- 2.6 (2) sign a memorandum of understanding with each customer that provides that any
2.7 contract provisions that violate subdivision 2 in any way are void and unenforceable, and
2.8 provides notice to their employees and the customer of their rights and obligations under
2.9 this section.
- 2.10 **EFFECTIVE DATE.** This section is effective July 1, 2024.