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S.F. No. 3947 – Minimum wage modifications

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S.F. 3947 modifies the minimum wage statute by eliminating various categories of special minimum wages and increasing the minimum wage.

Section 1 moves the definition of “large employer” from inclusion in the minimum wage statute at 177.24 to the general definitions section contained in the Minnesota Fair Labor Standards Act.

Section 2 moves the definition of “small employer” from inclusion in the minimum wage statute at 177.24 to the definitions section contained in the Minnesota Fair Labor Standards Act.

Section 3 modifies several minimum wage provisions contained within section 177.24 by removing the distinctions between large and small employers, for hotels and resorts with summer work travel exchange employees, and minor employees of large employers. The bill retains the existing provision allowing employers to pay a lower training rate for the first 90 days of consecutive employment for an employee under age 20.

Also retained is the provision requiring the DLI commissioner to annually calculate the percentage increase to minimum wage and issue an order adjusting the minimum wage rates by September 30 each year, but with a modification requiring the DLI commissioner to adjust the minimum wage rates by the lesser of the inflation-based percentage or 5 percent (an increase from 2.5 percent).

As result of these changes, the large employer minimum wage rate, currently set at \$10.85, as adjusted annually, will become the minimum wage rate applicable to most employers starting January 1, 2025, unless the training wage rate for employees under age 20 or another specific statutory rate applies.

Section 4 makes a consistent technical change to the lower rate for trainee election judges to clarify they can continue to be paid two-thirds of the minimum wage rate, without distinction for a large employer.

Section 5 provides a Revisor instruction to make consistent technical cross reference updates based on the changes made in the bill.

Sections 1 to 4 are effective January 1, 2025.