

NEW MINNESOTA WAGE THEFT LAW IMPOSES SIGNIFICANT OBLIGATIONS ON EMPLOYERS

Minnesota's "Wage Theft Law" goes into effect on July 1, 2019, resulting in significant changes to the state's labor and employment laws. The new legislation imposes requirements on employers in Minnesota to provide notices and maintain records, create criminal and civil penalties for wage theft and grant additional authority to the Minnesota government agencies to enforce compliance.

The changes made through the new law in Minnesota are summarized in guidance issued by the Minnesota Department of Labor and Industry ("DLI") which may be found [here](#). The DLI also posted a [document](#) about the changes due to the new law and a [Q&A](#) regarding the new law.

BACKGROUND AND ANALYSIS

Although proponents of the new wage theft law tout it as one of the toughest and most rigid in the country, citing the harsh consequences for employers who violate the law, opponents cite the heavy burden that the new law places on employers and are concerned that employers that inadvertently find themselves in violation of wage laws could face severe consequences and penalties. Employers will likely need to devote more time to administrative functions to ensure compliance with the law.

Beginning July 1, employers will be required to provide employees with a written notice of specific information when an employee commences employment and additional written notices when there is a change to the provided information, prior to such changes taking effect. The law also requires employers to provide new information on the employee earnings statements and clarifies changes in the timing for wage payments. Under the new law, Minnesota employers must maintain additional employment-related records and must not retaliate against an employee who asserts his or her rights or remedies under Minnesota's wage and hour laws.

The enforcement of the new law includes expanding DLI's authority to enter into and inspect places of employment to enable the DLI to investigate and enforce the law. The law clarifies the remedies available to the DLI commissioner and increases the penalties for repeated violations. Under the new law, in addition to the DLI, the state Attorney General may enforce the Minnesota Fair Labor Standards Act and Prevailing Wage Act and the Payment of Wages (Minn. Stat., Chapters 177 and 181). Furthermore, effective August 1, 2019, the law adds "wage theft" to the list of theft crimes and allows the imposition of a felony sentence for wage theft crimes. Note that wage theft requires the intent to defraud, rather than inadvertence or accidental errors.

PRACTICAL TAKEAWAYS

Minnesota employers should carefully review the new law and DLI guidance as they work through processes to ensure compliance. These processes should include, among other things, preparing the written notice to employees with the required information set forth by the new law. The DLI posted an example of the [notice](#). Additionally, employers in Minnesota must ensure that employee earning statements provide the information required by the new law and revise any relevant policies and procedures, handbook policies and acknowledgement forms to reflect the new requirements.

While this new law is specific to employers located in Minnesota, employers outside of the state should take note and remain vigilant about developments in statutes and regulations in their own locales and industries. To avoid violations and legal claims, all employers should maintain complete and accurate records and ensure that wages are paid timely and appropriately. Employers should work with their legal counsel and internal teams to ensure compliance with their respective state and federal obligations with respect to wages and overtime payments, employee classifications and timely payments.

If you have any questions or would like additional information about this topic, please contact:

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