

The Honorable Dave Baker  
2nd Floor Centennial Office Building  
St. Paul, MN 55155

March 11, 2025

Dear Chair Baker and Members of the Workforce and Labor Committee,

On behalf of the undersigned, we appreciate the opportunity to express our strong support for HF1768, a necessary modification to Minnesota's existing prohibition on noncompete agreements. This bill strikes a balance between fostering innovation and investments that drive our state's economic success and protecting worker mobility.

Minnesota is home to a diverse and dynamic economy, with innovative homegrown businesses leading the way in industries such as medical device manufacturing, optics, machinery, electrical equipment, aerospace, and more. For Minnesota businesses to continue developing cutting-edge products and technologies, they must have the necessary tools to protect their proprietary information.

A well-crafted, reasonable noncompete agreement will provide a critical safeguard allowing companies to protect their confidential research, trade secrets, and competitive advantages. HF1768 introduces reasonable wage thresholds that protect lower wage employees, a widely accepted approach used by many other states, ensuring that these agreements apply only to highly compensated employees in roles directly involved in research, development, and trade secret management. Specifically, the bill permits noncompete agreements for employees earning over \$120,000 in budgeted compensation who work in R&D or handle confidential information, as well as for any employee earning \$500,000 or more. These thresholds align with, or are even lower than, those found in most states that regulate noncompete agreements.

Currently, only three states - California, North Dakota, and Oklahoma - impose a blanket ban on noncompete agreements, and all of those bans were implemented in the mid to late 1800's. Every other state that regulates noncompete agreements does so through targeted industry restrictions or wage thresholds, recognizing the importance of balancing worker mobility with the need to protect business investments.

Under HF1768, Minnesota can continue to be a national leader in R&D and innovation while ensuring that businesses investing in groundbreaking advancements can protect their intellectual property. With the state already making significant investments in R&D, protecting the returns on that investment is both a practical and an essential step for sustaining Minnesota's economic growth.

We urge your support for HF1768 and appreciate your time and consideration. We look forward to working together to keep Minnesota at the forefront of innovation.

