MN HOUSE RESEARCH

Bill Summary

H.F. 1976

As introduced

Subject	Minnesota Paid Leave Law
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Overview

This bill makes several changes to the Minnesota Paid Leave Law, including:

- exempting employees covered by collective bargaining agreements under certain circumstances;
- restricting the definition of "family member";
- expanding the definition of "seasonal worker";
- allowing private administration of portions of the program;
- modifying the calculation of the benefit amount;
- reducing the maximum leave length; and
- reconfiguring the small employer premium rate.

Summary

Section	Description
1	**Covered employment.** Exempts from the paid leave program any employees covered by a collective bargaining agreement as of January 1, 2026, until a successor collective bargaining agreement both (1) becomes effective, and (2) specifically says that everyone covered by the agreement will be covered by paid leave. Requires these employees and employers to bargain over whether to participate in the state's paid leave program at their next contract negotiation (summer 2027 for teachers, within three years for all other public employees, according to contract for private employees) and decide collectively whether to opt in or not and how that will affect any existing leave benefits.
2	**Family member.** Deletes leave benefits to care for "an individual who has a personal relationship with the applicant that creates an expectation and reliance that the applicant care for the individual" by narrowing the definition of "family member."

Section	Description
3	**Seasonal employee.** Increases the length of time an employee can work while still remaining exempt from the paid leave program as a seasonal employee from 150 days to 180 days, by changing the definition of "seasonal employee."
4	**Private administration.** Allows the commissioner of labor and industry to contract with a private company to fulfill specific duties assigned to the commissioner by the paid leave law, including: 1) processing benefit applications, determining eligibility for benefits, and calculating benefit amounts; 2) making payments to applicants; 3) handling elections of coverage from self-employed individuals and independent contractors; and 4) withholding tax and child support from benefits. Leaves all other duties of the commissioner, such as rulemaking, handling appeals, approving private plans, collecting wage reports, setting premiums, enforcement, and grantmaking, with the department.
5	**Weekly benefit amount; maximum amount of benefits available; prorated amount.** Replaces the tiered calculation of weekly benefit amount with a straight 67 percent of an applicant's average weekly wage during the high quarter of the base period, subject to the maximum benefit limit (currently $1,372 per week). Effective date: This section is effective November 1, 2025.
6	**Maximum length of benefits.** Reduces the maximum number of weeks benefits can be taken in a single year, for any of the reasons allowed under the program, individually or in combination, from 20 weeks (in certain circumstances) to: ▪ for employees of employers with more than 50 employees, 12 weeks; and ▪ for employees of employers with 50 employees or less, six weeks. Effective date: This section is effective November 1, 2025.
7	**Seasonal employment denial.** Reflects changes to the definition of "seasonal employee" in section 3 above. Effective date: This section is effective November 1, 2025.

Section	Description
8	**Small employer premium rate.**

Changes the threshold to qualify for the small employer premium rate reduction from 30 employees or fewer to 50 employees or fewer, so more employers will qualify for the 25 percent rate reduction. Requires qualifying employers to split that rate reduction evenly with their employees, to reflect the reduced leave benefits available to employees of small employers under this bill.

Effective date: This section is effective January 1, 2026.

To demonstrate this change, under current law, if the premium rate was 0.88 percent:

- a regular employer would pay 0.44 percent and their employee would pay 0.44 percent; and
- a small employer would pay 0.22 percent and their employee would pay 0.44 percent, with the rest being absorbed into the cost of the program spread over all payers.

Under this bill, if the premium rate was 0.88 percent:

- a regular employer and employee would still pay 0.44 percent each; and
- a small employer would pay 0.33 percent and their employee would pay 0.33 percent, with the rest being absorbed into the cost of the program spread over all payers.