

Subject Covenants not to compete

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Date March 7, 2025

Summary

This bill allows covenants not to compete to be enforced for employees who:

- 1) Have an annual budgeted compensation of at least \$120,000 and whose primary job duties include research, development, or the creation, analysis, or modification of confidential, proprietary, or trade secret information, or the management of those with those duties; or
- 2) Have an annual budgeted compensation of at least \$500,000 regardless of job duties.

These would be exceptions to a Minnesota law, passed in 2023, which generally holds that covenants not to compete are void and unenforceable.

A covenant not to compete is one that restricts an employee, after they leave a job, from working for other employers for: a specific period of time; in a certain geographic area; or in a particular capacity.