

City of Minneapolis Expands Wage Theft Protections to Independent Contractors Beginning 2021

By Gina K. Janeiro &

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Meet the Authors



Gina K. Janeiro

Office Managing Principal and
Office Litigation Manager
(612) 359-1766
Gina.Janeiro@jacksonlewis.com

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Effective January 1, 2021, the City of Minneapolis Freelance Worker Protection Ordinance expands wage theft protections to independent contractors who perform services within the City of Minneapolis.

The Ordinance does not cover certain sales representatives, commission salespersons, attorneys, and licensed medical professionals.

Written Contract Requirements

The Ordinance requires commercial hiring parties and freelance workers to enter into a written agreement outlining the terms of service to be performed if the agreed-upon compensation for such services is:

1. \$600 dollars or more (or reasonably expected to be), either by itself or when aggregated with all contracts for services between the parties during the calendar year; or
2. \$200 dollars or more (or reasonably expected to be), either by itself or when aggregated with all contracts for services between the parties for work to be performed within seven consecutive days.

The written agreement must be signed by the freelance worker and, at a minimum, contain the following terms:

1. The name and address of both the commercial hiring party and the freelance worker;
2. An itemization of all material services to be provided by the freelance worker;
3. The compensation for the services, including the rate or rates and method of compensation; and
4. The date on which the commercial hiring party must pay the agreed upon compensation or the mechanism by which the date will be determined.

Where the parties are not able to specify the total compensation prior to performance, the written contract also must include the method by which the total compensation will be determined and specify which party will be responsible for tracking the information necessary to determine the total compensation. Where the freelance worker is responsible, they must provide the commercial hiring party an invoice with the total compensation amount and a detailed calculation by which the amount was determined. If the commercial hiring party is responsible, it must provide the freelance worker an earnings statement with the total amount and containing enough detail to allow the freelance worker to verify the calculations.

If the contract does not specify the date or mechanism for when payment becomes due, payment must be made no later than 30 days after the completion of services.

Penalties for Non-Compliance

It is a violation of the Ordinance for a hiring party to fail or refuse to timely pay the agreed upon compensation or demand the freelancer accept as a condition of timely payment less compensation after work has commenced.

Upon a finding of a violation of the Ordinance, a freelance worker may be able to recover compensatory damages in the amount of the unpaid sum and liquidated damages up to double the compensatory damage award. The Ordinance also imposes additional civil fines, fines for repeat violations, and permits the City's department to seek reimbursement for the costs of the investigation.

Where an business fails to put the contract in writing, it can be subject to a fine of up to \$250 for each violation if the freelance worker can establish they requested a written contract and made the hiring party aware of the requirement that the contract be in writing.

All employers, regardless of where they are located, who utilize independent contractors who perform services in Minneapolis should review and revise their agreements to ensure compliance with the Ordinance.

Please contact a Jackson Lewis attorney with any questions related to the Ordinance or other workplace law.

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