

# A guide to Minnesota's overtime laws

## STATE LAW

The **Minnesota Fair Labor Standards Act** requires all employers, regardless of gross annual revenue, to pay overtime for all hours worked in excess of **48** hours in a seven-day period.



## FEDERAL LAW

The **federal Fair Labor Standards Act** requires some employers to pay overtime for all hours worked in excess of **40** hours in a seven-day period. These employers include:

- businesses whose employees produce or handle goods for interstate commerce;
- businesses with gross annual sales of more than \$500,000; and
- certain other businesses, including hospitals, nursing homes, schools and government agencies.



## WHAT IS THE OVERTIME RATE?

Overtime rates must be at least one-and-a-half times the employee's regular rate of pay. The regular rate of pay is determined by dividing the employee's total pay in any workweek by the total hours worked in the workweek. An employee's pay includes credits allowed against the minimum wage for meals and/or lodging.

## WHO MUST PAY?

**Overtime pay is not discretionary. Both state and federal laws prohibit any agreement to not pay overtime to employees.** All firms must pay Minnesota's overtime wage regardless of:

- the firm's size, location or gross sales;
- the method of compensation (hourly, salary, commission, piece rate or other); or
- designations such as part time, temporary, seasonal or contract.

## WHAT IS A SALARY?

A salary is defined as a guaranteed, predetermined wage for each seven-day workweek that does not vary based on productivity or how many hours the employee works. It is **not** an hourly rate.

## WHO IS EXEMPT?

**Some employees are exempt from Minnesota's overtime wages. The following is a partial list:**

- executive, administrative or professional employees who meet the salary and duty requirements of the department's rules;
- an outside salesperson;
- a salesperson, partsperson or mechanic for a vehicle dealership who sells or services automobiles, trailers, trucks or farm implements, and is paid on a commission or incentive basis, and is employed by a dealer selling to the consumer; and
- an agricultural worker paid a salary of at least \$724.71 a week for large employers grossing \$500,000 a year or more, or \$590.94 a week for small employers grossing less than \$500,000 a year.



## HOW ARE HOURS COUNTED?

Except for rest periods of 20 minutes or more, all hours the employee is required to be on the premises of the employer or performing work-related tasks are counted for overtime purposes. Employees working more than one job under the control of the same employer must have all hours worked counted toward overtime.

Holiday hours, vacation time or sick leave are not counted in figuring overtime hours. Overtime is computed on a seven-day workweek basis regardless of the length of the pay period. Hours worked may not be averaged over the pay period or used to offset shorter workweeks. The workweek can be any consecutive seven-day period that the employer chooses, but may not vary once chosen.



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