Hi everyone,

The new year is coming fast, and a few changes take effect January 1 that touch payroll, benefits, and taxes for many of you. I want to walk you through the changes now so nothing catches you off guard during the holiday rush.

Minimum wage goes up January 1. The statewide minimum wage rises to $11.87 an hour, up from $11.41. That applies to every employer, no matter your size or revenue. The training wage for employees under 20, during their first 90 days, goes to $9.68.

A reminder that Minnesota doesn't allow a tip credit. Your tipped employees must be paid the full minimum wage, and tips can't make up the difference.

If you operate in Minneapolis or Saint Paul, your rates are different. Minneapolis goes to $17.02 an hour on January 1 for all employers. Saint Paul works differently. Rates depend on how many people you employ, and the changes happen July 1, not January 1. Small businesses with 6 to 100 employees stay at $16.37 until June 30, then move to the city rate. Micro businesses with five or fewer employees stay at $14.25 until June 30, then go to $15.00. Large and macro employers have their own schedule, so check the city's chart for your category. Please don't assume the two cities line up. They don't.

Give your team written notice before their pay changes. This isn't a new rule. It's part of the Minnesota Wage Theft Prevention Act, but it's easy to miss at year-end. If someone's pay rate is going up on January 1, they need written notice before that date. Showing the new rate on their first paycheck doesn't count. If an employee already earns more than the new minimum and nothing about their pay is changing, you don't need to send a notice.

Swap out your posters. Hang the 2027 minimum-wage poster where your staff can see it. You can download it free from the Department of Labor and Industry. Alternatively, you can download and print the 2027 mandatory labor law posters in English here, or in Spanish here. Minneapolis and Saint Paul operators should also check for city posting requirements.

Health plans: a quick conversation with your broker. Three changes to health plans start in 2027. Two came out of the 2026 Legislative Session, and one was passed back in 2024. They cover how claim denials are reviewed, how certain behavioral-health services are reimbursed, and electronic prior authorization. The good news is these fall on insurers, not on you or your managers. If you offer coverage, it's still worth a quick call to your broker to ask how your plan is affected.

Opportunity-zone investors: call your tax adviser. If you've invested in an opportunity zone, the state made adjustments that apply starting with your 2027 tax year. To be clear, this is not an increase to restaurant sales tax or lodging tax. Not sure if you're in a qualified zone? Learn more here.

One December deadline: Secure Choice. If you have 50 to 99 employees and don't offer a retirement plan, your Minnesota Secure Choice deadline is December 31, 2026. Other employer sizes have different deadlines.

The short version: Before January 1, update payroll, send pay-change notices, hang new posters, and check in with your benefits and tax advisers.

As always, this is general information, not legal advice, so loop in your attorney or adviser on anything specific to your business. And if you have questions, call us. That's what we're here for.

Wishing you a busy and smooth holiday season,



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