Law & Policy Group

Minnesota Paid Family and Medical Leave: Overview

May 2026

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Paid family and medical leave

National landscape

Fifteen states, along with **Washington, DC**, and **Puerto Rico**, have enacted laws requiring paid leave for an employee's own serious health condition or disability and — with the exception of Hawaii and Puerto Rico — for qualifying family or caregiving reasons.

Note: New Hampshire enacted a paid family and medical leave mandate for state employees in which private employers can voluntarily participate.

Jurisdiction	Program type
California	State Disability Insurance (SDI) Paid Family Leave (PFL)
Colorado	Family and Medical Leave Insurance Program (FAMLI)
Connecticut	Connecticut Paid Leave (CT PL)
Delaware	Delaware Paid Leave (DPL)
District of Columbia	Universal Paid Leave (UPL)
Hawaii	Temporary Disability Insurance (TDI)
Maine	Paid Family and Medical Leave (PFML)
Maryland	Family and Medical Leave Insurance (FAMLI)
Massachusetts	Paid Family and Medical Leave (PFML)
Minnesota	Minnesota Paid Leave (MPL)
New Jersey	Temporary Disability Insurance (TDI) Family Leave Insurance (FLI)
New York	Disability Benefits Law (DBL) Paid Family Leave (PFL)
Oregon	Paid Leave Oregon (PLO)
Puerto Rico	Nonoccupational Disability Insurance (SINOT) (unofficial English version) Working Mothers Protection Act (WMPA)
Rhode Island	Temporary Disability Insurance (TDI) Temporary Caregiver Insurance (TCI)
Virginia	Paid Family and Medical Leave (PFML)
Washington	Paid Family and Medical Leave (PFML)

Minnesota PL (PFML)

Contribution and benefits snapshot

MINNESOTA PAID LEAVE

12 of medical leave

For employee's own serious health condition

+12 of family leave

- To care for a family member with a serious health condition
- To bond with a new child
- To handle a qualifying exigency
- Reasons related to domestic abuse, sexual assault or stalking of the employee or a family member

20 weeks of paid leave combined max in a benefit year

$1,423 max weekly benefit

- Weekly wage replacement amount depends on the employee's average weekly wage (AWW) relative to the state AWW, with lower earners receiving up to 90% of their AWW.
- Weekly benefit max (100% of state AWW) is valid through Sept. 30.

Rate equals 0.88% of wages

Contributions are capped at the maximum social security wage base (rounded to the nearest $1,000).

- Employers can charge employees up to 50% of the premium.
- Employers with 30 or fewer employees (in Minnesota) have a reduced premium contribution requirement and may be eligible for grants.

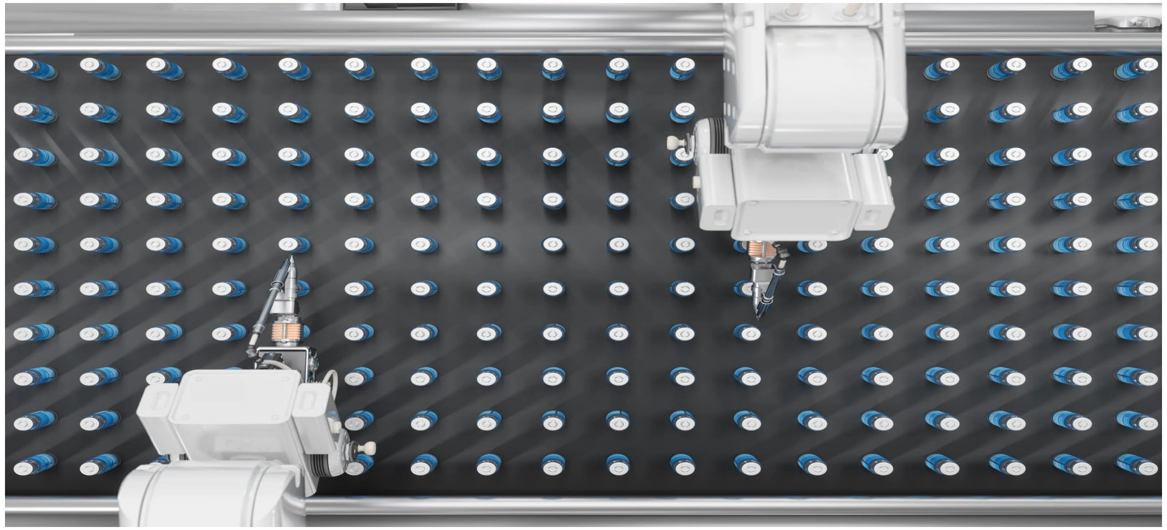
Eligibility

- Employee must have earned at least 5.3% of the state average annual wage during the most recently completed 4 quarters.
- Seasonal hospitality employees are excluded.
- Family member includes the employee's parent, spouse or domestic partner, child, grandchild, grandparent and sibling; spouse's parent and grandparent; individual with whom "a relationship … creates an expectation and reliance that the applicant care for the individual, whether or not the applicant and the individual reside together."
- Job protection and continued health benefit rights.

Covered employers

All employers, including state and local government employers, with one or more employees working in Minnesota.

- Employers with 30 or fewer Minnesota employees have a reduced contribution rate if certain conditions are met (and may qualify for a small employer assistance grant).
- Tribal nations, self-employed individuals and independent contractors are not included, but can elect to participate
- Federal government employer not included



Small employers:

- Have 30 or fewer employees during each of the past four quarters.
- Pay an average wage of no more than 150% of the statewide average
- Average wage is calculated by dividing wages from the highest-paid quarter by the highest employee count.

Covered employees

All individuals primarily working in Minnesota

Full-time and part-time employees

Exception for seasonal hospitality employees

Designation granted by DEED after notice to employees and employer certification that the following requirements are met:

- Employer is in the hospitality industry
  - Restaurants, hotels, motels, lodges, resorts
  - Food stands, food trucks, school or special event concession stands
  - Mobile and seasonal food businesses
- Employer's business qualifies as seasonal
  - Gross receipts from the six highest sales months must be three times greater than gross receipts from the six lowest months.
- Seasonal hospitality employees work no more than 150 days in a 52-week period

Designation applies to individual employees, not the entire business

- Designated employees can't take paid leave
- Premiums are not owed designated employee wages

Excluded individuals

- Federal government workers and railroad workers
- Employees of Tribal nations, independent contractors, and self-employed individuals who have not opted in

Eligibility for benefits

Covered employees with earnings of at least 5.3% of the state annual average wage during the 4 most recent completed calendar quarters.

- Former employees covered by a private plan remain eligible for 26 weeks after separation.

Wages include commissions; bonuses, awards, and prizes; vacation and holiday pay; tips and gratuities.

Program funding

Initial contribution rate is 0.88% of wages; subject to change beginning in 2027, but cannot exceed 1.2%

Employer payroll contributions assessed against wages paid up to the Social Security taxable wage max (rounded to the nearest $1,000).

- Large employers can charge up to 50% of the premium to employees.
- Qualifying small employers (30 or fewer employees with an average wage no more than 150% of SAWW) contribute 0.25% of the premium.
- 0.88% premium allocated 0.61% for medical leave and 0.27% for family leave
- Starting in 2027, rate changes will be announced every July 1 for the next year.

Wages subject to premium contributions

- All compensation for employment, including:
  - commissions;
  - bonuses, awards, and prizes;
  - severance payments;
  - holiday and vacation pay;
  - tips and gratuities;
  - and in some cases, sickness and accident disability payments.
- Premiums are calculated on gross earnings, before federal income tax, state income tax, and FICA taxes are deducted.

Premium payments and wage reports must be submitted quarterly by employers participating in the public plan; employers with private plans must submit annual reports.

Definitions

Family member

MN Stat. Ch. 268B.01 Subd. 23

- Spouse or domestic partner, child, parent, sibling, sons- and daughters-in-law
- Grandparent or spouse's grandparent, grandchild
- Individual with a personal relationship that "creates an expectation and reliance" that the employee will care for the individual, even if not residing together

Serious health condition

MN Stat. Ch. 268B.01 Subd. 39

A physical or mental illness, injury, impairment, condition, or substance use disorder involving :

- Inpatient care
- Continuing treatment for 7 days
- Exams/evaluations to see if a serious health condition exists

Pregnancy, chronic health conditions do not require treatment for up to 7 days to qualify as medical leave.

Benefit year

MN Stat. Ch. 268B.01 Subd. 8

52-week period beginning on the first day of approved leave

- For leave that begins January 1, April 1, July 1 or October 1, the benefit year is 53 weeks
- Private plans have four options (same as federal FMLA)

Intermittent leave

Intermittent leave for a serious health condition may be taken if reasonable and appropriate.

All other leaves may be taken intermittently.

Employer may limit intermittent leave to 480 hours in any 12-month period.

Remaining leave must be taken continuously.

Requirements for intermittent leave

- Minimum increments may not be longer than **one day**.
  - Note that FMLA allows intermittent leave in periods of whole weeks, single days, hours, and smaller increments.
  - Under FMLA, employers must allow employees to use leave in the smallest increment of time allowed for other forms of leave, as long as it is **not more than one hour**.
- Weekly benefit amount is prorated
- Covered individual must provide notice of need for intermittent leave as soon as practicable.
- Covered individual must make reasonable effort to schedule intermittent leave so as to avoid unduly disrupting the employer's operations.

Weekly benefit amount

Individual AWW. Wage credits in the calendar quarter with the highest wages in the based period, divided by 13. Base period is generally the most recent four completed calendar quarters before the leave.

Calculation

- **If employee's AWW is ≤ 50% state AWW, benefit equals** 90% of AWW
- **If employee's AWW is > 50% state AWW, benefit equals** [90% of ½ state AWW] + [66% x (AWW - ½ state AWW)]
- **If employee's AWW is > 100% state AWW, benefit equals** [90% of ½ SAWW] + [66% of ½ SAWW] + [55% x (employee's AWW – state AWW)]
- Calculations use the state AWW in effect at the time the benefit amount is first determined.

Maximum weekly benefit. 100% of state AWW.

Set annually by October 1 and applicable to leaves first effective on or after the last Sunday in October.

Claim application process

1

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3

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Employee files leave request

Filed with Family and Medical Benefit Insurance (FMBI) Division through LoginMN within 60 days before leave start date.

- FMBI Division notifies employer within five days of claim filing.
- Employer has seven calendar days to review the leave application.

FMBI Division reviews claim

- Notifies employee within two weeks of completed application.
- Notifies employer "promptly" of an approved application.

FMBI Division notifies the employee of missing information; employee has 14 days to respond.

Employee has 30 days to appeal a claim determination.

Payments occur weekly

- Leave benefits, other than for bonding leave, are based on a single qualifying event of at least seven calendar days.
- Private plans may align payments with payroll cycle.

Employee obligations in claim substantiation

- **Serious health conditions:** date serious health condition began, probable duration, facts known by licensed healthcare provider
- **Additional requirements may apply:** statement of need to care for family member's serious health condition and estimated time needed
- **Intermittent leave certifications:** estimate of the time needed (family members); reasonable estimate of frequency and duration and estimated treatment schedule (employee)
- **Other certification requirements apply for:** pregnancy, new child bonding, qualifying exigency, and safety

Required employer notices

Post a written notice (public plan, private plan) in a conspicuous place in the workplace.

Post in English and any other language that is primary for five or more workers.

Provide a detailed notice (public plan, private plan) to new employees within 30 days of hire.

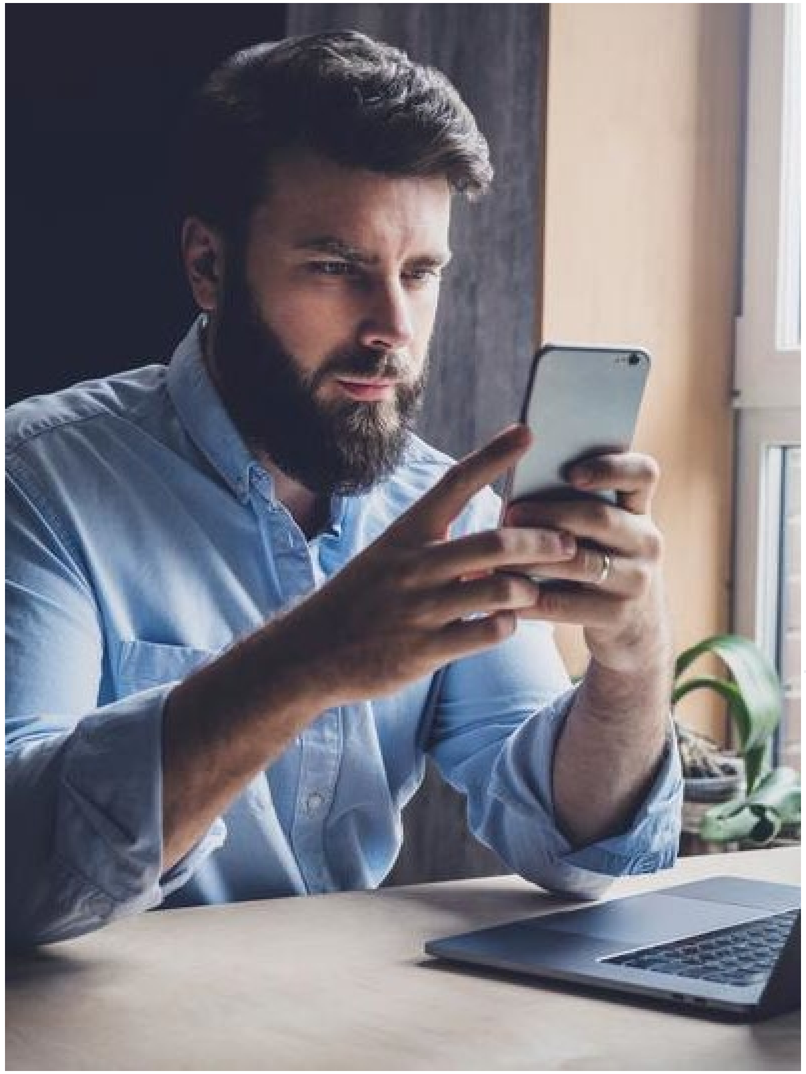
- Notify employees in their primary language.
- Employees must acknowledge receipt. This can be done by signing a form, acknowledging receipt electronically (e.g., in the payroll system), or another way.
- If notice is provided in electronic format, employee must have access to an employer-owned computer during regular work hours to review and print.

Notify seasonal hospitality employees about their ineligibility for PFML when offered the job.

Employee must provide written or electronic acknowledgement of receipt.

Include PFML deductions and payments in **payroll earnings statements.**

Employee notice to employer



Timing

- Employers can require 30 days' advance notice for **foreseeable leave**.
- Employees must provide notice as soon as practicable for **unforeseeable leave**.
  - "As soon as practicable" means "as soon as both possible and practical, taking into account all of the facts and circumstances in the individual case."
- For intermittent leave, employee must provide a schedule of needed workdays off as soon as practicable and must make a reasonable effort to schedule the intermittent leave so as not to disrupt unduly the operations of the employer.
  - Employer cannot require employee to change their leave schedule to accommodate the employer.
- Notice is **required only once**, unless scheduled leave dates are extended or otherwise change or were initially unknown.
  - Notice of schedule change must be provided as soon as practicable.

Method

- Notice can be **oral or via text message** if sufficient to make employer aware of need of leave and anticipated timing and duration.
- An employer may require employees to comply with **usual and customary notice and procedural requirements** for other types of leave.
  - Leave may not be delayed or denied if the usual and customary notice or procedural requirements require notice to be given sooner than 30 days before a foreseeable leave and as soon as practical for an unforeseeable leave.

Benefit eligibility

Financial requirement

Earnings of at least 5.3% of the state annual average wage during the base period.

No minimum hours worked requirement.

Benefit payments

Benefit payments are made weekly by direct deposit or prepaid debit card.

Disqualifications

Individuals receiving unemployment insurance and, in some cases, Social Security disability benefits.

Benefit reductions

PFML benefits are reduced by:

- Child support withholdings (up to 50% of weekly PFML benefit)
- Workers’ compensation payments
- Severance payments
- PFML benefits received from a

Minimum period

Benefits are based on a single qualifying event of at least seven calendar days (paid retroactively).

There is no minimum period for bonding leave.

Benefit proration

Benefits are prorated if the employee takes leave intermittently or works on a reduced schedule.

Coordination with other benefits

PTO, vacation, sick leave

- Employers can’t require employees to use or exhaust accrued paid vacation, paid sick leave, or other paid time off (PTO) under an employer policy before or during PFML.
- Employees can choose to use vacation, sick leave, or PTO in lieu of PFML, in which case the employment protections provided by the law attach.
  – Time used counts against employee’s PFML entitlement.
- Employees can choose to use supplemental benefits to top-off PFML benefit payments up to 100% of the employee’s average weekly wage.

Supplemental benefits

Employers can designate payments to covered employees as supplemental benefits (which must be reported to the Division).

These can include salary continuation, vacation, sick leave, or PTO.

Disability insurance benefits

Disability insurance benefits may be offset by PFML benefit payments, pursuant to the terms of the disability insurance policy.

Federal FMLA and other state leave laws

- MN PFML, federal FMLA, and MN pregnancy and parenting leave (unpaid job protected leave) run concurrently when available for the same reason.
  – Employer must inform employee that the time taken under FMLA and/or PPL may reduce the amount of PFML time they can take.
- Minnesota’s earned sick and safe time law entitles employees to accrue up to 48 hours of paid leave per year.
  – Presumably, employees can choose to use sick leave accrued under this law in lieu of PFML or to top-off PFML payments.

Private plans

Employers can provide a private, equivalent plan that meets or exceeds state requirements. Substitution can be for family leave, medical leave or both.

Application process, overview

- Can apply for private plan approval at any time; applications reviewed on a rolling basis.
- Private plan can be insured or self-insured (self-insured plan requires a surety bond).
- Nonrefundable fee up to $1000 (base on employer size) and processing fee required.
- Separate equivalent plan substitution request required for each subsidiary with a FEIN (consolidated request available for organizations with at least 15 FEINs)
- Equivalent plans take effect at the start of a quarter; applications must be submitted by the 15th day of the second month of the quarter before.
- Employer is liable for premiums paid until private plan's effective date.

Resource: https://pl.mn.gov/employers/equivalent-plans-paid-leave

Plan terms, overview

- Employer has discretion to determine benefit year (i.e., federal FMLA options).
- Additional private plan notice is required.
- Benefits must be available to former employees separated from employment for less than 26 weeks when applying for benefits (unless hired by a new employer).
- Costs to employees cannot be more than what their premiums would be under the state plan.
- Must offer intermittent leave or reduced schedules consistent with the state plan.

Reporting requirements

- Quarterly wage reporting is still required.
- Annual claims reporting is required.

Recordkeeping requirement

Must retain private plan records for at least six years.

Employee rights

All group coverage (including health insurance)

- All group benefits must be continued as if the covered individual had not taken leave, except for construction employees subject to collective bargaining agreement with a clear waiver.
- Covered individuals must continue to pay share of premiums.

Job protection

Covered individual is entitled to same position held prior to leave or position with equivalent terms and benefits.

Exceptions:

- Layoffs occurring during leaves
- Termination of shift, unless filled by another employee
- Employment for specific term or project now ended

Other benefits

If covered individual is entitled to benefits (e.g., pension, 401(k), vacation or sick leave, etc.) before leave, they must be available upon return from leave, without a break in service.

Interference, retaliation, antidiscrimination

- Interference, restraint, or denial of the exercise or attempt to exercise rights under the law is prohibited.
- Discrimination and retaliation against an individual exercising rights under the law is prohibited.
- Employer may not require employee to find replacement.
- Any assignment, pledge or encumbrance of benefits is void.

Enforcement and penalties

Civil action

- FMBI Division, employees may sue.
- No liability for claim denials, unless there is interference.
- Potential liability
  - Two times actual damages, plus interest
  - Reasonable attorneys’ fees and other costs
  - Injunctive and other relief
  - But no punitive damages

Other FMBI Division actions

- Investigations
- Audits
- Lien, levy or setoff for contribution failures

Other penalties

- Employer notice failures – $50-$300 per employee
- Record retention failure or failure to permit audit - $500
- Retaliation and interference –$1,000-$10,000 per violation
- Private plan violations – $1,000-$10,000 per violation

Federal taxation of contributions and benefits

Starting with 2027 tax year, federal taxation of benefits from public plan

- Family leave benefit payments *are considered gross income* but *not considered wages* for federal employment tax purposes (i.e., FICA).
- Medical leave benefit payments attributable to the required employer contribution *are considered gross income* to the employee and *are considered wages* for federal employment tax purposes.
  - All other medical leave benefit payments *are excluded from gross income* and *are not considered wages* for federal employment tax purposes.

Covered individual may elect to have the FMBI Division withhold federal and state income tax from the benefit payment.

- If elected, federal taxes will be withheld at 10% and state taxes at 5%.
- The state will deduct FICA taxes and remit them to the IRS on the same frequency they send payroll tax deposits.
- The state will provide information about these payments to employers on a frequent basis so employers can pay their portion of FICA taxes for inclusion on the W-2.

Contributions to public plan

- Employers in the public plan may deduct required employer PFML contribution amounts as state excise tax payments.
- Required employee contributions *are included as gross income* on Form W-2 and considered wages subject to federal employment taxes.
  - Employee premium contributions should be listed under Box 14 of the W-2 form with the label "MEPFML".

For more information, see Revenue Ruling 2025-4, Notice 2026-6, and our GRIST, *IRS clarifies taxation of state and DC PFML contributions, benefits*.

Paid family and medical leave (PFML) employer tax credit

One Big Beautiful Bill Act (HR 1) section 70304, effective 2026

Permanently extends the employer tax credit for PFML, which was first available for wages paid in 2018 and set to expire Dec. 31.

Provision	Current law	Changes made by OBBBA
Determination of tax credit	Based on wages paid to qualifying employees on leave	Adds employer option to determine credit based on premiums paid for an insured policy*
Eligible employer	If treated as a single employer under IRC § 52(a) and (b), then treated as a single taxpayer	If treated as a single employer under IRC § 414(b) and (c), then treated as a single employer; new exception for a "substantial and legitimate business reason" for an entity within the controlled group not providing the benefit
State-mandated benefits	Not taken into account in determining if the employer policy provides at least 50% wage replacement	Taken into account to determine if employer policy provides at least 50% wage replacement, but not taken into account for determining the credit amount
Qualifying employee	Employed at least 1 year and earning less than 60% of the highly compensated employee threshold	Employed at least 1 year (but employer can reduce this to 6 months), earning less than 60% of the highly compensated employee threshold AND customarily employed at least 20 hours per week

*Currently eight states allow life or disability carriers to write group paid family leave policies.

For more information, see our GRIST, *IRS clarifies taxation of state and DC PFML contributions, benefits*

Background

IRC § 45S provides a tax credit for employers that provide PFML to all eligible employees.

Employer eligibility requirements

- Written paid leave **policy.**
- Provide at least **two weeks of paid leave** for "qualifying employees" who work full-time (and a pro-rata amount for part-time employees).
- Leave can be used for one or more federal **FMLA reasons.**
- Wage replacement is at least **50% of wages.**
- Available general business **tax credit ranges from 12.5% to 25%** of wages paid to qualifying employees on leave (or insurance premium paid).

State PMFL and federal FMLA comparison

	State PFML	Federal FMLA
Paid	Yes	No
Leave use	• Employee's own serious health condition • Care for family member with a serious health condition • Bond with new child • Handle qualifying exigency related to active military duty • Reasons related to domestic abuse, sexual assault or stalking of the employee or a family member	• Employee's own serious health condition • Care for family member with a serious health condition • Bond with new child • Handle qualifying exigency related to active military duty • Care for next of kin who is a covered service member with a serious illness or injury
Eligibility	Wage credits of at least 5.3% of state annual average wage	One year of service and 1,250 hours worked in the past 12 months
Job protection	Yes	Yes
Leave duration	Up to 12 weeks for medical leave and up to 12 weeks for family leave, subject to a combined maximum of 20 weeks in a benefit year	Up to 12 for most qualifying reasons 26 to care for a covered service member with a serious illness or injury (combined maximum of 26)
Who is a covered family member?	Same as federal FMLA, plus domestic partners, parents of spouse, grandparents, grandchildren and siblings of the covered individual, *de facto* and *in loco parentis* parents and grandparents, designated individuals	Biological, adoptive, step or foster parent, or any other individual who stood in *loco parentis* to the employee when the employee was a child; biological, adopted, step-, or foster child, legal ward, or child of a person standing in *loco parentis* who is either younger than 18, or age 18 or older and incapable of self-care because of a mental or physical disability; spouse

Minnesota Paid Leave Resources

State resources

- Law: MN Stat. Ch. 268B
- Regulations: MN Admin. Rules Ch. 3317
- Paid leave webpage: https://paidleave.mn.gov/
- Employer Roles & responsibilities
- Employer resource toolkit (including notices, poster)
- Minnesota Taxes and Paid Leave FAQs
- Family and Medical Benefit Insurance Division: 844-556-0444 or paidleave@state.mn.us

Mercer Resources

- State paid family and medical leave contributions and benefits (February 6, 2026)
- Minnesota passes paid family and medical leave law (July 10, 2023)
- Law & Policy Insights

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