STATE OF MINNESOTA

IN SUPREME COURT

A18-0593

Court of Appeals — Gildea, C.J.

Graco, Inc.,

Appellant,

vs.

Filed: January 22, 2020
Office of Appellate Courts

City of Minneapolis,

Respondent.

Christopher K. Larus, Eric J. Magnuson, George B. Ashenmacher, Robins Kaplan LLP, Minneapolis, Minnesota, for appellant.

Sara J. Lathrop, Sarah C.S. McLaren, Assistant City Attorneys, Minneapolis, Minnesota, for respondents.

Keith Ellison, Attorney General, Rachel Bell-Munger, Jonathan D. Moler, Assistant Attorneys General, Saint Paul, Minnesota, for amicus curiae Commissioner of Labor and Industry.

Susan L. Naughton, Saint Paul, Minnesota, for amicus curiae League of Minnesota Cities.

Bruce D. Nestor, De León & Nestor, LLC, Minneapolis, Minnesota; and

Laura Huizar, National Employment Law Project, New York, New York, for amici curiae Centro de Trabajadores Unidos en la Lucha, 15 Now Minnesota, and National Employment Law Project.

S Y L L A B U S

1. A municipal ordinance conflicts with a state statute when the ordinance and statute are irreconcilable. Because employers can comply with both the City's ordinance governing minimum-wages rates and the Minnesota Fair Labor Standards Act, the ordinance and statute are reconcilable and therefore do not conflict.

2. Because the Legislature did not intend to occupy the field of minimum-wage rates, the Minnesota Fair Labor Standards Act does not preempt the City's ordinance governing minimum-wage rates.

Affirmed.

O P I N I O N

GILDEA, Chief Justice.

The question presented in this case is whether state law preempts a municipal ordinance. The Minnesota Fair Labor Standards Act (the "MFLSA") establishes the minimum wage Minnesota employers must pay their employees. Minn. Stat. § 177.24 (2018). Respondent City of Minneapolis has enacted an ordinance that requires employers to pay minimum-wage rates that are higher than the rates set forth in the MFLSA. This appeal asks us to determine whether the MFLSA preempts the City's ordinance. The district court and the court of appeals concluded that the MFLSA does not preempt the City's ordinance. The district court reasoned that the MFLSA sets a floor, not a ceiling, for minimum-wage rates, thus leaving room for municipal regulation. A divided court of appeals panel agreed. *Graco, Inc. v. City of Minneapolis*, 925 N.W.2d 262, 265 (Minn. App. 2019). Because employers will comply with the MFLSA when they comply with the

City's ordinance, and because the Legislature provided no indication that it intended to occupy the field of minimum-wage rates, we conclude that the MFLSA does not preempt the ordinance.

FACTS

The MFLSA provides minimum-wage rates, which vary depending on the size of the employer, that employers must pay their employees. Minn. Stat. § 177.24. The MFLSA defines large employers as enterprises with annual revenue of $500,000 or more, and small employers as enterprises with annual revenue of less than $500,000. *Id.*, subd. 1(a)(1)–(2). As of July 1, 2019, the state minimum-wage rate is $9.86 per hour for large employers and $8.04 per hour for small employers.[1] *See id.*, subd. 1(b)(1)(iv), (2)(iv).

Effective January 1, 2018, the City of Minneapolis passed its own minimum-wage regulation. *See* Minneapolis, Minn., Code of Ordinances (MCO) § 40.390 (2019). The City's ordinance requires large and small employers to pay Minneapolis workers[2] $15.00 per hour by 2022 and 2024, respectively. MCO § 40.390(b)(6), (c)(7). The ordinance

---

[1] In 2019, the state and Minneapolis hourly minimum-wage rates are $9.86 and $12.25, respectively, for large employers, and $8.04 and $11, respectively, for small employers. *See* Minneapolis, Minn., Code of Ordinances (MCO) § 40.390(b)–(c); *New Year, New Minimum-Wage Rate as of Jan. 1, 2019*, Minn. Dep't Lab. & Indus. (Dec. 28, 2018), https://www.dli.mn.gov/news/new-year-new-minimum-wage-rate-jan-1-2019.

[2] The ordinance applies to employees who work within the geographic boundaries of the City, including those who are based outside the City but "perform[] at least two (2) hours of work for an employer within the geographic boundaries of the [C]ity" in a particular week. MCO § 40.370(a)–(b). Graco argued in the district court that the ordinance "impermissibly extends the City's regulatory jurisdiction beyond its borders" because it applies to employees who work 2 hours a week in Minneapolis. The district court, however, determined that the ordinance does not have an impermissible extraterritorial reach. Graco did not appeal this determination to our court.

provides a phase-in period for large and small employers between 2018 and 2022. *Id.* § 40.390(b)–(c). It also defines employers differently than the MFLSA: large employers are those that employ more than 100 persons and small employers are those that employ 100 or fewer persons. MCO § 40.330.

On November 10, 2017, appellant Graco, Inc. sued the City, seeking a declaratory judgment that state law preempts the ordinance and a permanent injunction against its enforcement. Following a court trial, the district court determined that state law does not preempt the ordinance. The court reasoned that the MFLSA sets a floor, not a ceiling, for minimum-wage rates and therefore the MFLSA is not in conflict with the ordinance. The court also determined that the MFLSA leaves room for municipal regulation and accordingly, regulation of minimum-wage rates is not solely a matter of state concern. Based on these determinations, the district court denied Graco's request for a declaratory judgment and permanent injunction.

A divided court of appeals panel affirmed. *Graco, Inc.*, 925 N.W.2d 262. The majority rejected Graco's argument that the ordinance conflicts with state law because it prohibits what the MFLSA expressly permits an employer to pay: the state minimum wage. *Id.* at 268. Rather, it determined that the MFLSA sets a floor, expressly requiring employers to pay at least the minimum wage and therefore the ordinance operates in harmony with the MFLSA. *Id.* at 268–69. The majority also concluded that the Legislature did not intend to exclusively regulate the field of minimum-wage rates and the MFLSA accordingly does not preempt the City's regulation of minimum-wage rates. *Id.* at 274.

The dissent disagreed, concluding that the MFLSA expressly permits an employer to pay any wage equal to or greater than the state minimum wage. *Id.* at 277 (Johnson, J., dissenting). Reasoning that the ordinance prohibits what the MFLSA permits—wages between the state minimum wage and the City's higher minimum wage—the dissent concluded that the ordinance conflicts with the MFLSA. *Id.* at 278–79.

We granted Graco's petition for review.

ANALYSIS

We must decide if the MFLSA preempts the Minneapolis minimum-wage ordinance. Whether state law preempts a municipal ordinance is a legal question we review de novo. *Bicking v. City of Minneapolis*, 891 N.W.2d 304, 312 (Minn. 2017).

Cities have "broad power to legislate in regard to municipal affairs[.]" *City of Morris v. Sax Invs., Inc.*, 749 N.W.2d 1, 6 (Minn. 2008) (citation omitted) (internal quotation marks omitted). And we will uphold a municipal ordinance "unless it is inconsistent with the Federal or State Constitution or state statute." *St. Paul Citizens for Human Rights v. City Council*, 289 N.W.2d 402, 405 (Minn. 1979). Cities therefore cannot "regulate in a manner that conflicts with state law or invades subjects that have been preempted by state law." *Jennissen v. City of Bloomington*, 913 N.W.2d 456, 459 (Minn. 2018) (citing *Bicking*, 891 N.W.2d at 313).

Our precedent recognizes "three types of state preemption of municipal legislative authority: express preemption, conflict preemption, and field preemption." *Id.* (citing *Bicking*, 891 N.W.2d at 313 n.8). The parties agree that the first form, express preemption, is not at issue in this case. But in urging us to reverse the court of appeals, Graco relies on

both conflict preemption and field preemption. A municipal ordinance conflicts with state law "when both the ordinance and the statute contain express or implied terms that are irreconcilable with each other." *Mangold Midwest Co. v. Vill. of Richfield*, 143 N.W.2d 813, 816 (Minn. 1966). And state law occupies the field, thus preempting municipal regulation, when the Legislature has addressed the subject matter in a way that leaves no room for local regulation. *See id.* at 820.

I.

We turn first to the question of whether the ordinance conflicts with the MFLSA. The foundational case on conflict preemption is *Mangold Midwest Co. v. Village of Richfield*. In *Mangold*, we considered whether a local ordinance that permitted some Sunday sales conflicted with a state statute that restricted Sunday retail sales. 143 N.W.2d at 815–16. The state statute prohibited all businesses from selling groceries on Sundays, *id.* at 817, but the ordinance prohibited only businesses with four or more employees from selling groceries on Sundays, *id.* at 818. Based on this difference, the plaintiffs asserted that the ordinance permitted what the statute prohibited. *Id.* We concluded that the ordinance served as a complementary regulation to the statute because the ordinance emphasized a violation of the statute—grocery sales on Sunday by a business with four or more employees—to define a violation of the local ordinance. *Id.* at 819. We therefore held that the ordinance did not conflict with the statute. *Id.*

In reaching this conclusion, we said that "[a]s a general rule, conflicts which would render an ordinance invalid exist *only* when both the ordinance and statute contain express or implied terms that are irreconcilable with each other." *Id.* at 816 (emphasis added). We

then identified three principles for determining whether a municipal regulation and statute are irreconcilable and therefore in conflict. *Id.* at 816–17. First, a "conflict exists where the ordinance permits what the statute forbids." *Id.* at 816 (citing *Power v. Nordstrom*, 184 N.W. 967, 969 (Minn. 1921)). Second, "a conflict exists where the ordinance forbids what the statute *expressly* permits." *Id.* (citing *Power*, 184 N.W. at 969). And third, "no conflict exists where the ordinance, though different, is merely additional and complementary to or in aid and furtherance of the statute." *Id.* at 817.

Graco relies on the second principle, asserting that the ordinance prohibits what the MFLSA expressly permits. The MFLSA requires Minnesota employers to pay minimum wages at a rate established by a formula—a calculation that is made by the Commissioner of Labor and Industry based on the inflation rate. Minn. Stat. § 177.24, subd. 1(b)(1)–(2), (f). Using that calculation for 2019, large and small employers must pay each employee wages "at a rate of at least" $9.86 and $8.04 per hour, respectively. *See id.*, subd. 1(b). The ordinance, however, requires large and small employers to pay at least $12.25 and $11.00 per hour, respectively, in 2019. MCO § 40.390(b)–(c). Graco contends that, because the MFLSA expressly permits large employers to pay at least $9.86 per hour, which is less than $12.25 per hour, and because the City's ordinance prohibits large employers from paying wages less than $12.25 per hour, the ordinance impermissibly conflicts with the MFLSA.

Graco's argument, while not without some initial appeal, ultimately fails. If one focused solely on the specific dollar amounts, the MFLSA could be read to permit employers to pay hourly wages at a rate less than the rate the ordinance requires them to

pay. In that limited way, the ordinance would seem to forbid what the statute permits. *Mangold Midwest Co.*, 143 NW.2d at 816. But the Legislature stated plainly that employers "*must*" pay "*at least*" the minimum hourly rate provided by the statute. Minn. Stat. § 177.24, subd. 1(b)(1)–(2) (emphasis added). The Legislature's use of the phrase, "at least," clearly contemplates the possibility of higher hourly rates. The ordinance therefore does not forbid what the MFLSA permits but instead complements the statute. *Mangold Midwest Co.*, 143 N.W.2d at 817 (noting that "no conflict exists where the ordinance, though different, is merely additional and complementary to or in aid and furtherance of the statute").

In urging us to reach the contrary conclusion, Graco relies on other provisions in the MFLSA that Graco contends demonstrate that the City's ordinance conflicts with express provisions in the MFLSA. Graco notes that the MFLSA states that employers "*may* pay an employee under the age of 20 years a wage of at least" $8.04 during the first 90 days of employment in 2019. Minn. Stat. § 177.24, subd. 1(c) (emphasis added). This provision, Graco asserts, shows that the statute expressly allows employers to pay a lower hourly rate as a training wage.

But Graco's argument regarding wages paid to younger workers ignores the Legislature's use of the phrase, "at least," throughout the statute. As discussed above, the MFLSA provides that large and small employers "must pay each employee wages at a rate of *at least*" the hourly rate established by the Commissioner ($9.86 and $8.04 per hour, respectively, in 2019). Minn. Stat. § 177.24, subd. 1(b)(1)–(2) (emphasis added); *see also id.*, subd. 1(c) ("[A]n employer may pay an employee under the age of 20 years a wage of

at least . . . [$8.04] . . . ." (emphasis added)). Thus, the statute prohibits employers from paying wages less than the statutory minimum-wage rate; it does not set a cap on the hourly rate that employers can pay. If employers comply with the ordinance, which requires minimum-wage rates above the state minimum-wage rates, employers comply with the MFLSA. And if employers can comply with both the municipal regulation and the state statute, the provisions are not irreconcilable, and therefore no conflict exists.[3] *Mangold Midwest Co.*, 143 N.W.2d at 816.

Graco also contends that "the Legislature left no reasonable doubt that the MFLSA expressly permits payment of these minimum wage rates" because it used the word, "authorized," in Minn. Stat. § 177.24, subd. 1(c)–(e). But the use of the word, "authorized," in the MFLSA does not demonstrate the existence of an irreconcilable conflict. The MFLSA states that "[n]o employer may take any action to displace an employee . . . in order to hire an employee at the wage *authorized* in this paragraph." Minn. Stat. § 177.24, subd. 1(c)–(e) (emphasis added). The authorized wage is "a wage of *at least*" the amount determined by the Commissioner. *Id.*, subd. 1(c) (emphasis added). The

[3] During oral argument, Graco's counsel asserted that our decisions in *Bicking*, 891 N.W.2d 304, and *Lewis ex rel. Quinn v. Ford Motor Co.*, 282 N.W.2d 874 (Minn. 1979), support the conclusion that there can still be a conflict for preemption purposes even though both the ordinance and state law can be satisfied. We disagree. In neither case did we find that the municipalities could comply with both regulations at issue. *See Bicking*, 891 N.W.2d at 314–15 (concluding that a charter amendment impermissibly conflicted with state law because the city could not comply with both state and municipal law); *Lewis*, 282 N.W.2d at 877 (determining that an ordinance that removed an available defense under a state statute impermissibly conflicted with state law).

MFLSA therefore sets a floor, which does not prohibit, but instead permits, employers to pay the higher wage the ordinance requires.[4]

Graco next argues that the ordinance conflicts with the MFLSA in its definitions of large and small employers. The ordinance defines employer size based on the number of people the entity employs, MCO § 40.330, while the MFLSA defines employer size based on the entity's revenue, Minn. Stat § 177.24, subd. 1(a). The MFLSA and the ordinance set forth different minimum-wage rates based on the size of the employer. Minn. Stat. § 177.24, subd. 1(b); MCO § 40.390. Graco contends that this difference creates a conflict because the ordinance prohibits small employers who fall within the statute's scope from paying the minimum wage set forth by the MFLSA. Graco also notes that the City's ordinance requires all employers to pay the same minimum wage beginning in 2024, regardless of size or number of employees, thus eliminating the distinction drawn by the Legislature between large and small employers.

---

[4] Graco relies on decisions from the court of appeals that found impermissible conflicts between state laws and municipal ordinances that set a more stringent standard. *See State v. Apple Valley Redi-Mix, Inc.*, 379 N.W.2d 136, 139 (Minn. App. 1985) (holding that an ordinance, which could impose stricter air-quality standards than state law required, conflicted with the Minnesota Pollution Control Act); *Nw. Residence, Inc. v. City of Brooklyn Ctr.*, 352 N.W.2d 764, 773 (Minn. App. 1984) (holding that the city lacked authority to establish a stricter occupancy standard for mentally-ill adults than required by state law), *rev. denied* (Minn. Jan. 4, 1985). These decisions are inapposite. In each case, the statute at issue expressly limited municipal authority to set more stringent standards. *See* Minn. Stat. § 116.07, subd. 2 (1984) ("No local government unit shall set standards of air quality which are more stringent than those set by the Pollution Control Agency."); Minn. Stat. § 245.812, subd. 4 (1986) ("A . . . municipal . . . authority may require a . . . special use permit . . . provided that no conditions shall be imposed on the homes which are more restrictive than those imposed on other . . . special uses of residential property in the same zones . . . ."). The MFLSA contains no similar language.

But differentiating minimum-wage rates based on the number of employees, rather than revenues, does not conflict with the plain language of the statute. All employers, regardless of size or revenues, must pay "at least" the minimum-wage rate set forth by the MFLSA. Therefore, no conflict exists.

Finally, Graco contends that our decision in *Bicking* requires a different result. We disagree. In *Bicking*, we considered whether a proposed charter amendment that would require Minneapolis police officers to maintain professional liability insurance coverage as the officer's primary coverage conflicted with state law. 891 N.W.2d at 306–07. State law requires cities to defend and indemnify its officers against liability claims. *Id.* at 314. We concluded that by placing the officer's personal liability coverage ahead of the city's statutory obligation to defend and indemnify its officers, the proposed amendment " 'adds a requirement that is absent from the statute[.]' " *Id.* (quoting *State v. Kuhlman*, 729 N.W.2d 577, 583 (Minn. 2007)).

The *Bicking* conflict is not present here. Although the City's ordinance requires employers to pay a minimum-wage rate that is higher than the state minimum-wage rate, the MFLSA merely requires that employers pay a wage of *at least* the rate determined by the Commissioner. Minn. Stat. § 177.24, subd. 1(b). Unlike *Bicking*, employers can comply with both the statute and the ordinance by paying the ordinance's higher minimum-wage rate. The ordinance therefore does not add a requirement that is absent from the MFLSA.

Based on this analysis, we hold that the ordinance does not conflict with the MFLSA.

II.

We turn next to the question of whether the Legislature has indicated through the MFLSA that it intends to occupy the field of minimum-wage rates, thus preempting municipal regulation in that field. When determining whether a state law occupies the field and leaves no room for municipal regulation in the area, we consider four questions:

> (1) What is the "subject matter" . . . to be regulated?
>
> (2) Has the subject matter been so fully covered by state law as to have become solely a matter of state concern?
>
> (3) Has the legislature in partially regulating the subject matter indicated that it is a matter solely of state concern?
>
> (4) Is the subject matter itself of such a nature that local regulation would have unreasonably adverse effects upon the general populace of the state?

Mangold Midwest Co., 143 N.W.2d at 820. The parties agree that the subject matter to be regulated by both the MFLSA and the ordinance is minimum-wage rates for workers. We address the remaining *Mangold* questions next.

A.

We first consider whether state law has so fully covered the subject matter—minimum-wage rates—that it can be said that the matter has become solely a matter of state concern. *Id.* To do so, we must understand the scope of the MFLSA. *See Jennissen*, 913 N.W.2d at 460. The stated purpose of the MFLSA includes "establish[ing] minimum wage and overtime compensation standards" and "safeguard[ing] existing minimum wage and overtime compensation standards[.]" Minn. Stat. § 177.22 (2018). To serve that purpose, the MFLSA requires, among other things, that all Minnesota employers must pay each employee wages "at a rate of *at least*" the statutory amount. Minn. Stat. § 177.24,

subd. 1(b)(1)–(2) (emphasis added). From this language, it is clear that the MFLSA establishes, as the district court determined, a minimum-wage floor for employers across the state. But that floor leaves room for municipalities to regulate above. Accordingly, the MFLSA does not so fully occupy the field of minimum-wage rates that we can say that it is solely a matter of state concern.

Our analysis in *Jennissen* supports this conclusion. The issue in *Jennissen* was whether the Minnesota Waste Management Act preempted a proposed charter amendment that would limit the city's authority to implement organized trash collection. 913 N.W.2d at 459. Although the Act provides detailed procedures a municipality must follow before adopting organized collection, we relied, in part, on the legislative decision to identify only the *minimum* steps that a municipality must take to implement organized collection, to conclude that the Legislature did not fully occupy the field of organized waste collection. *Id.* at 461–62 (citing Minn. Stat. § 115A.94, subd. 4(b) (2018)). Those minimum steps, we determined, were not the exclusive process, which left municipalities "free to add steps to the process so long as they are authorized by other law." *Id.* at 461. Accordingly, we concluded that the process for implementing organized trash collection was not solely a matter of state concern. *Id.* at 462.

The plain language of the MFLSA similarly provides the minimum requirements for wage rates. The Legislature's repeated use of the phrase, "at least," Minn. Stat. § 177.24, subd. 1(b)(1)–(2), suggests that the wage rates set forth in the MFLSA are not the exclusive rates. Municipalities, as we concluded above, can establish higher wage rates. Thus, the plain language of the MFLSA demonstrates that the Legislature did not

fully cover the subject matter of minimum-wage rates so as to show that it is solely a matter of state concern.

Graco urges us to reach a different conclusion. First, Graco asserts that the Legislature's nine amendments to the MFLSA over the last 40 years demonstrates the Legislature's continual, keen interest in, and therefore intent to exclusively regulate, the field. But each of these amendments increased the minimum-wage rate, without setting a limit on the amount employers could pay their employees. *See* Act of Apr. 14, 2014, ch. 166, § 2, 2014 Minn. Laws 230, 231–32; Act of May 10, 2005, ch. 44, 2005 Minn. Laws 322, 322–23; Act of Aug. 22, 1997, ch. 1, 1997 Minn. Laws. 2d Spec. Sess. 5, 5–6; Act of Apr. 9, 1990, ch. 418, § 2, 1990 Minn. Laws 825, 827–28; Act of May 29, 1987, ch. 324, 1987 Minn. Laws 1922, 1922; Act of May 2, 1984, ch. 628, art. 4, § 1,1984 Minn. Laws 1576, 1666 (amending the language of the statute from "every employer shall pay to each employee . . . wages . . . *not less than*" to "every employer must pay each employee . . . *at least*" (emphasis added)); Act of May 30, 1979, ch. 281, § 2, 1979 Minn. Laws 617, 618; Act of May 20, 1977, ch. 183, 1977 Minn. Laws 301, 301; Act of Apr. 3, 1976, ch. 165, 1976 Minn. Laws 495, 495–96. Further, the Legislature has retained the language of "at least" each of the five times it has amended the MFLSA since that phrase was added in 1984. The amendments to the MFLSA simply show that the Legislature reaffirmed its decision to establish a floor, not a ceiling, for minimum-wage standards for the state.

Second, Graco contends that the authority granted to the Commissioner to regulate wage rates is evidence of a legislative intent to occupy the field. The MFLSA provides

that "[t]he commissioner may adopt rules . . . to safeguard the minimum wage and overtime rates . . . ." Minn. Stat. § 177.28, subd. 1 (2018).[5] Graco asserts that the MFLSA provision granting the Commissioner authority to halt minimum-wage hikes in the event of an economic downturn shows that minimum-wage rates are solely a matter of state concern. Minn. Stat. § 177.24, subd. 1(g)(1). Graco further contends that this delegation of power demonstrates that the Legislature did not intend to invite municipal regulation in this field because such activity would effectively nullify the Commissioner's power to pause minimum-wage increases.

We disagree. The Commissioner is merely permitted—not required—to halt minimum-wage hikes in the event of an economic downturn. *Compare* Minn. Stat. § 177.24, subd. 1(g)(1) ("[T]he commissioner *may* issue an order that an increase . . . not take effect." (emphasis added)), *with id.*, subd. 1(f) ("[T]he commissioner *shall* determine the percentage increase in the rate of inflation . . . ." (emphasis added)). To date, according

---

[5] The statute also requires the Commissioner to adopt rules governing specific topics, including pay for special work and bonuses. Minn. Stat. § 177.28, subd. 3 (2018). Relying on this authority, Graco asserts that the Commissioner has extensively regulated minimum-wage rates. *See, e.g.*, Minn. R. 3325.0110, subp. 12c (2019) (" 'Competitive employment,' . . . means work . . . for which an individual is compensated at or above the minimum wage . . . ."); Minn. R. 3400.0040, subp. 8 (2019) ("[E]mployed persons eligible for child care assistance . . . must work at least an average of 20 hours per week and receive at least the minimum wage for all hours worked."); Minn. R. 5200.0010, subp. 1 (2019) ("Failure to provide proof of the ages of minors employed makes the employer liable for the adult minimum wage and other penalties . . . ."); Minn. R. 5200.0030, subp. 1 (2019) ("If no permit is issued, a worker, no matter how severely disabled, shall be paid the minimum wage."); Minn. R. 5200.0170, subp. 1 (2019) ("[T]he period of time used for determining compliance with the minimum wage rate . . . is the workweek . . . ."). These rules merely show that the Commissioner has set minimum-pay standards; they do not establish that the Legislature intended to exclude municipal regulation in this field.

to the Commissioner who appears in this appeal as amicus in support of the City, this authority has not been exercised. More importantly, this grant of authority does not outweigh the plain legislative language and repeated use of the phrase "at least" in setting minimum-wage rates. Further, the stated legislative purpose of establishing *minimum*-wage standards in the state shows that the Legislature did not so fully cover the subject matter of minimum-wage rates as to indicate that municipal regulation is excluded. The second *Mangold* factor therefore weighs against preemption.

B.

Under the third *Mangold* factor, we consider whether the Legislature, in partially regulating the field of minimum-wage rates, indicated that the subject of those rates is a matter solely of state concern. 143 N.W.2d at 820. Cases where we have found preemption confirm that we require clear language expressing a legislative intent to exclude municipal activity. *See, e.g.*, *Kuhlman*, 729 N.W.2d at 580 ("We have held that this provision requiring uniformity and statewide application clearly showed the legislative intent to preempt this field except for the limited local regulation the statute expressly permitted." (citation omitted) (internal quotation marks omitted)); *G.E.M. of St. Louis, Inc. v. City of Bloomington*, 144 N.W.2d 552, 554–55 (Minn. 1966) (noting that the Legislature can exclude local regulation of commercial activity "by a clear expression of legislative will" regarding statewide uniformity); *Mangold Midwest Co.*, 143 N.W.2d at 821 (noting, in discussing cases involving conflicting statutes and ordinances governing traffic regulations, that "the provision requiring uniformity and statewide application clearly showed the legislative intent to preempt this field").

Nothing in the text of the MFLSA indicates that preemption was the Legislature's intent. The continued use of the phrase "at least" in the MFLSA, Minn. Stat. § 177.24, subd. 1(b)(1)–(2), suggests the contrary: that the Legislature did not intend for minimum-wage rates to be a matter solely of state concern. Without some language in the statute that shows that the Legislature contemplates its own regulation to exclude municipal regulation, we cannot conclude that the Legislature's activity in partially regulating in an area indicates that the subject matter is a matter solely of state concern. *See Jennissen*, 913 N.W.2d at 459; *see also Mangold Midwest Co.*, 143 N.W.2d at 821 (concluding that field preemption did not apply because the Sunday closing statute "is not the type of legislative enactment which purports to completely dictate the specific regulation of an area"; instead, it is "a rather complete policy statement by the legislature which the local municipality should be able to shape to its own needs by supplementary ordinances"). Because there is no indication in the MFLSA that the Legislature intended minimum-wage rates to be a matter solely of state concern, the third *Mangold* factor weighs against preemption.[6]

---

[6] Graco relies on two cases from the court of appeals—in which the court of appeals concluded that state law preempted municipal regulations—to argue that minimum-wage rates are a matter solely of state concern. *See Bd. of Supervisors v. ValAdCo*, 504 N.W.2d 267 (Minn. App. 1993), *rev. denied* (Minn. Sept. 30, 1993); *Nw. Residence, Inc.*, 352 N.W.2d 764. Neither decision is persuasive. The statute at issue in *Northwest Residence* explicitly prohibited municipalities from imposing more restrictive conditions on residential facilities than those imposed on other special uses in the same zone. 352 N.W.2d at 773. The MFLSA, however, has no similar language. And in *ValAdCo*, the issue involved state and municipal regulation of pollution-control permits. 504 N.W.2d at 269. Because pollution in one area may travel to affect another area, the Legislature provided comprehensive requirements dictating permits and reserved "ultimate reviewing authority over county decisions" for the state agency. *Id.* at 271. The court of appeals therefore concluded that the Legislature intended to preempt municipal pollution-control regulations. *Id.* at 272. Here, minimum-wage rates, unlike pollution, can be confined to

C.

The fourth *Mangold* factor requires us to determine whether the subject matter is "of such a nature that local regulation would have unreasonably adverse effects upon the general populace of the state[.]" *Mangold Midwest Co.*, 143 N.W.2d at 820. Graco contends that the ordinance will result in a patchwork of regulation that will be detrimental to employers, who will be unfairly burdened as they attempt to comply with different wage rates imposed by different municipalities across the state. But we have previously held that while varied local regulation may be restrictive to businesses, it does not arise to the level of an unreasonably adverse effect on the state. *See id.* at 821; *see also G.E.M. of St. Louis, Inc.*, 144 N.W.2d at 554. And if the Legislature determines that municipal regulation "is creating economic confusion, the problem can be corrected by a clear expression of the legislative will . . . ." *G.E.M. of St. Louis, Inc.*, 144 N.W.2d at 554–55 (upholding municipal regulation of Sunday sales).[7] Thus, the fourth *Mangold* factor weighs against preemption.

Because each of the *Mangold* factors weighs against preemption, we conclude that the Legislature did not intend to occupy the field of minimum-wage rates through the

---

particular geographic areas. Moreover, by setting a *minimum*-wage rate that employers must either meet or exceed, there is no similar indication that the Legislature intended to preempt municipal minimum-wage regulation.

[7] Graco cites cases in which we have held that there is an adverse impact on the state when rules are imposed differently across jurisdictions. But each of these cases involves an area of the law that the Legislature indicated requires uniformity. *See, e.g.*, *Kuhlman*, 729 N.W.2d at 583 (holding that traffic regulations must be uniform because drivers should "be able to travel throughout the state without the risk of violating an ordinance with which [they are] not familiar"); *Vill. of Brooklyn Ctr. v. Rippen*, 96 N.W.2d 585, 588 (Minn. 1959)

MFLSA, and thus we hold that the City's regulation of minimum-wage rates, through the ordinance, is not preempted.

CONCLUSION

For the foregoing reasons, we affirm the decision of the court of appeals.

Affirmed.

(holding that it was unreasonable to require boaters to obtain separate permits from separate cities). As discussed above, the Legislature has not expressed an intention for uniformity above the minimum-wage rates set forth in the MFLSA.