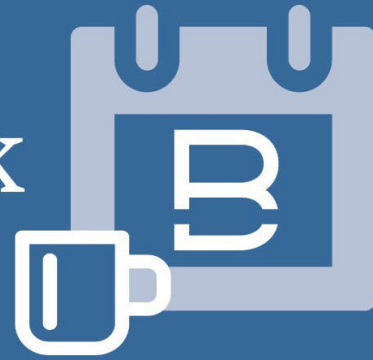


The Work Week

Bassford Remele Employment Practice Group



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Welcome to another edition of *The Work Week with Bassford Remele*. Each Monday, we will publish and send a new article to your inbox to hopefully assist you in jumpstarting your work week.

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Artificial Intelligence in the Minnesota Workplace: Current Landscape, Present Realities, and Pending Legislation

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Artificial intelligence has moved well beyond hypothetical theory and into the operational fabric of Minnesota's business community. According to data published by the Federal Reserve Bank of Minneapolis, approximately 20% of Minnesota businesses reported integrating artificial intelligence into at least one business function in the early months of 2026. That figure represents a dramatic increase from mid-2024, when only roughly 10% of businesses nationwide reported any meaningful AI integration in core production functions. The growth is steady, yet it is far from uniform.

AI Landscape Across Industries

The pattern of AI adoption reveals present disparities that track closely with firm size, industry sector, and the degree to which existing workflows have already been digitized. Businesses employing 250 or more workers adopt AI at nearly double the rate of firms with fewer than 20 employees, reflecting a clear comparative advantage that larger businesses possess in technological investment and organizational capacity. Adoption is highest in the information, professional services, finance, insurance, and healthcare sectors, where digitized workflows and abundant data create better environments for AI deployment. By contrast, agriculture, transportation, construction, and food service industries report adoption rates below 10%, underscoring that AI remains a tool shaped as much by operational context as by technological availability.

The employment implications of the AI adoption wave remain, at least for the moment, relatively modest. Approximately 96% of AI-using businesses reported no net change in workforce headcount attributable to AI during the six months preceding their survey participation. Where AI does alter the nature of work, it more commonly supplements employee tasks than displaces workers outright, though approximately 10% of AI-adopting firms acknowledged that the technology now performs functions previously carried out by human employees. Whether that number continues to grow as AI adoption progresses forward is a question Minnesota's legislature has begun to address with deliberate urgency.

Proposed Legislation

Three proposed measures now before the Minnesota Legislature reflect a sustained effort to establish legal guardrails commensurate with the pace of technological change. The first, H.F. 4369, would require covered employers (those employing fifty or more full-time workers) to provide a minimum of 90 days' advance written notice before any technological displacement affecting 25 or more employees takes effect. The bill further entitles displaced workers to a 90-day transitional employment period, during which the employer must provide continued wages and fund participation in a recognized retraining or reskilling program. Violations of this proposed law may result in civil penalties of up to \$10,000 per violation and render the offending employer ineligible for state grants, loans, or tax incentives for a period of five years.

The second measure, H.F. 4445, addresses the use of automated decision systems in employment settings with considerably greater specificity. The bill prohibits employers from relying exclusively upon an automated decision system when rendering any employment-related decision and mandates that a designated internal human reviewer corroborate all AI-generated outputs before those outputs are acted upon. Workers would be entitled to advance written notice before any automated decision system is deployed against them, post-decision notice when such a system informs a consequential determination, and a formal right of appeal adjudicated by a human reviewer possessing both the requisite authority and independence to overturn the challenged decision.

The third measure, S.F. 4573, takes aim at discriminatory AI use through the framework of Minnesota's Human Rights Act. The bill would amend Minn. Stat. § 363A.08 to declare it an unfair employment practice for an employer to deploy AI that produces discriminatory effects on the basis of race, sex, disability, age, or any other protected characteristic recognized under existing state law. The measure also requires that employers disclose to applicants and employees when AI is being used to inform decisions affecting their recruitment, hiring, promotion, or termination.

Taken together, these legislative proposals signal a meaningful shift in Minnesota's regulatory stance toward AI in the workplace. Their introduction alone reflects a legislative intent to control the current pace of AI adoption in Minnesota's workforce.

While the 2026 Minnesota legislative session closed on May 18, AI focused bills will surely be prevalent during the 2027 legislative session. The Bassford Remele employment team stays abreast of all employment-related bills, including those related to AI. For any questions on the legislative landscape and how it may impact your business, please contact any member of the Bassford Remele employment team.

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