Governor Kehoe Signs Bill Repealing Missouri Paid Sick Leave Law and Amending Missouri Minimum Wage Law

By: Katie Conklin and John Vering

Background

As we explained in our previous client alert, on November 5, 2024, Missouri voters approved Proposition A by over 57%, which increased the Missouri Minimum Wage to $13.75, effective January 1, 2025, and increased it to $15.00 per hour, effective January 1, 2026. Thereafter, Proposition A provided that the Missouri Minimum Wage would be adjusted annually based on the Consumer Price Index. Further, Proposition A required that most Missouri non-governmental employers provide one hour of paid sick leave for every 30 hours worked, effective May 1, 2025. Proposition A also required that Missouri employers post and send a notice regarding paid sick leave to employees by April 15, 2025.

Repeal of Missouri Paid Sick Leave

As we explained in our client alert on May 16, 2025, on May 14, 2025, the Missouri Senate passed Missouri House Bill 567 (HB 567) which effectively repealed Missouri Paid Sick Leave, effective August 28, 2025, when HB 567 was signed by Governor Mike Kehoe on July 10, 2025.

Amendments to Missouri Minimum Wage Law

HB 567 does not change Proposition A's increase of the Missouri minimum wage to $13.75 per hour effective January 1, 2025 and its further increase to $15.00 per hour effective January 1, 2026. However, HB 567 did repeal the portions of Proposition A that required mandatory adjustments to the minimum wage based on the Consumer Price Index, which were set to begin on January 1, 2027 and continue each January 1 in successive years.

HB 567 also amended the Missouri Minimum Wage Law to specify that, as of August 28, 2025, public employers (the State of Missouri, political subdivisions of the State of Missouri, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state or a city, county, town, village, school district, or other political subdivision of the state) would also be required to pay the Missouri minimum wage.

What Employers Should Do

Non-governmental employers need to comply with Missouri's Paid Sick Leave law until August 28, 2025, including tracking paid sick leave that employees accrue and use. We are prepared to assist Missouri employers with advice regarding compliance with Proposition A and how to handle sick leave and PTO policies in light of this legislative change. There are not only legal issues but also employee relations issues to be considered, including how to communicate these changes in the law and shifting paid sick leave law requirements in the middle of the year.

This article is general in nature and does not constitute legal advice. If you have legal questions, please consult the authors, John Vering (jvering@sb-kc.com) at 816.265.4109 or Katie Conklin (kconklin@sb-

kc.com) at 816.265.4114, or other attorneys in Seigfreid Bingham's Employment Law Group, including: John Neyens (johnn@sb-kc.com) 816.265.4152, Mark Opara (mopara@sb-kc.com) 816.265.4140, Shannon Cohorst Johnson (sjohnson@sb-kc.com) 816.265.4139, or your regular contact at Seigfreid Bingham at 816.421.4460.

By: John Vering and John Neyens

Nebraska Legislature Amends Paid Sick Leave Requirement

In November of 2024, Nebraska voters approved Initiative 436 which adopts the Nebraska Healthy Families and Workplaces Act which provides paid sick leave to most non-governmental employees. On June 4, 2025, Nebraska Governor Jim Pillen signed LB415 which made some significant changes to the Act which becomes **effective October 1, 2025**.

Who is Covered?

The Act applies to employees who work in Nebraska for at least 80 hours in a calendar year, except that it does not cover seasonal and temporary workers employed in agriculture, employees under age 16, employers with fewer than 11 employees, employees covered by the federal Railroad Unemployment Insurance Act, or employees of federal or state agencies, state departments, and political subdivisions.

Accrual and Use Rules

Under the Act, employees are entitled to a minimum of one hour of paid sick leave for every 30 hours worked up to a cap (40 or 56 hours depending on the employer's size). Employers with 11-19 employees must provide up to 40 hours of PSL per year. Employers with 20 or more employees must provide up to 56 hours of PSL per year. Employees exempt from overtime are presumed to work 40 hours per week unless their typical workweek is less than 40 hours per week. PSL provided to an employee on or after January 1, 2025 and before October 1, 2025 shall be counted toward an employer's obligations under the Act for calendar year 2025.

Carryover Requirements and Frontloading Option

Employers must allow employees to carry over unused PSL to the next year. Alternatively, employers are permitted to pay an employee for unused sick time at the end of the year and frontload the employee at the beginning of the year with the amount of PSL (40 or 56 hours) specified in the preceding paragraph depending on the number of employees. Employers also have the option to loan PSL to an employee is advance of accrual by such employee.

Integration with Existing PTO Policies

Most employers offer some kind of vacation, sick leave, and/or PTO policies. Employers with PTO policies that provide an annual amount of PTO sufficient to meet the requirements of Nebraska's new PSL law, including allowing PTO to be used for the same purposes and under the same conditions as provided in the new PSL law, are not required to provide additional PSL benefits beyond those provided in existing PTO policies. However, employers may be required to re-write some of their PTO policies to ensure that existing PTO policies are properly integrated with Nebraska's new PSL law and include appropriate provisions for employees to provide notice of the need to use PSL. The Act does not require payment for unused PSL when an employee separates from the employer.

PSL May be Used for Many Reasons

PSL may be taken for:

- Care of self for mental or physical illness, injury, health condition, medical diagnosis or preventative care or treatment; or
- Care of a family member for mental or physical illness, injury, health condition, medical diagnosis or preventative care or treatment or in the case of a child, to attend a meeting necessitated by the child's mental or physical illness, injury or health condition, at a school or place where the child is receiving care; or
- In a public health emergency where the employee's place of business or the child's school or place of care is closed or where the employee needs to care for oneself or a family member where health authorities or a health care provider determines that the family member's presence in the community may jeopardize the health of others by potentially exposing them to a communicable disease, whether or not the employee or family member has actually contracted the disease.

The definition of "family member" is extremely broad and includes, regardless of age, biological, adopted or foster child, stepchild, legal ward, and/or a child to whom the employee stands in loco parentis.

"Family member" also includes biological, foster, stepparent or adoptive parent or legal guardian of the employee or an employee's spouse or an individual who stood in loco parentis when the employee or employee's spouse was a minor child, an individual to whom the employee is legally married or a grandparent, grandchild, or sibling, whether of a biological, foster, adoptive, or step relationship with the employee or the employee's spouse. Family member also includes any other individual related by blood to the employee or whose close association with the employee is the equivalent of a family relationship.

Employee Notice Requirements

The Nebraska PSL statute specifies that PSL shall be provided upon oral request of the employee, but for paid sick leave for more than three consecutive work days, the employer may require reasonable documentation that the paid sick leave was used for a purpose covered by the Act.

Employer Notice and Record Keeping-Requirements

The Act requires that employers provide written notice to employees of their rights under this new law upon commencement of employment or September 15, 2025, whichever is later. Employers are also required to display a poster regarding Nebraska PSL. We expect the Nebraska Department of Labor to publish a model notice for employers to use along with a form of poster that employers are required to post, but to date, the Nebraska Department of Labor has not done so. Employers must provide or make available to employees each pay period information on the amount of PLS available and taken and the amount of pay received for PSL.

Guidance from Nebraska Department of Labor

The Nebraska Department of Labor (NDOL) issued Revised Answers to Frequently Asked Questions on June 9, 2025 FAQs Paid Sick Leave.pdf and may issue additional guidance in the future.

Legal Liability for Failing to Comply with Nebraska Paid Sick Leave Law

In a significant change to the Act, LB451 removes an employee's right to file a lawsuit if an employer violates the Act. Employees can file complaints with the Nebraska Dept. of Labor which will investigate complaints that an employer failed to comply with the Act and can fine offending employers who violate the Act up to $500 for the first violation and up to $5,000 for the second and any subsequent violation of the Act. This article is general in nature and does not constitute legal advice. Readers with legal questions or desiring assistance in reviewing or amending employment policies to comply with

Neabrask's paid sick leave law should consult the authors, John Vering (jvering@sb-kc.com) and John Neyens (jneyens@sb-kc.com) or other members of the Seigfreid Bingham's Employment Law Group, including Shannon Cohorst Johnson (sjohnson@sb-kc.com), Mark Opara (mopara@sb-kc.com), Katie Conklin (KConklin@sb-kc.com), or your regular contact at Seigfreid Bingham at 816.421.4460.

By: Katie Conklin and John Vering

Background

As we explained in our previous client alert, on November 5, 2024, Missouri voters approved Proposition A by over 57%, which increased the Missouri Minimum Wage to $13.75, effective January 1, 2025, and increased it to $15.00 per hour, effective January 1, 2026. Thereafter, Proposition A provided that the Missouri Minimum Wage would be adjusted annually based on the Consumer Price Index. Further, Proposition A required that most Missouri non-governmental employers provide one hour of paid sick leave for every 30 hours worked, effective May 1, 2025. Proposition A also required that Missouri employers post and send a notice regarding paid sick leave to employees by April 15, 2025.

On April 29, 2025, the Missouri Supreme Court issued a decision rejecting challenges to Proposition A. A summary of the decision may be found on the Court's website here.

Repeal of Missouri Paid Sick Leave

On May 14, 2025, the Missouri Senate passed Missouri House Bill 567 (HB 567) which will effectively repeal Missouri Paid Sick Leave, effective August 28, 2025, if signed by Governor Mike Kehoe. We expect the Governor to sign this bill, but if he does not, we will supplement this Client Alert.

Amendments to Missouri Minimum Wage Law

HB 567 does not change Proposition A's increase of the Missouri minimum wage to $13.75 per hour effective January 1, 2025 and its further increase to $15.00 per hour effective January 1, 2026. However, HB 567 did repeal the portions of Proposition A that required mandatory adjustments to the minimum wage based on the Consumer Price Index, which were set to begin on January 1, 2027 and continue each January 1 in successive years.

HB 567 also amended the Missouri Minimum Wage Law to specify that, as of August 28, 2025, public employers (the State of Missouri, political subdivisions of the State of Missouri, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state or a city, county, town, village, school district, or other political subdivision of the state) would also be required to pay the Missouri minimum wage.

What Employers Should Do

We recommend that non-governmental employers comply with Missouri's Paid Sick Leave law until August 28, 2025. We are prepared to assist Missouri employers with advice regarding compliance with Proposition A and how to handle sick leave and PTO policies in light of this legislative change. There are not only legal issues but also employee relations issues to be considered, including how to communicate these changes in the law and shifting paid sick time law requirements in the middle of the year.

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816.265.4140, Shannon Cohorst Johnson (sjohnson@sb-kc.com) 816.265.4139, or your regular contact at Seigfreid Bingham at 816.421.4460.

By: John Vering and Katie Conklin

On April 29, 2025, the Missouri Supreme Court issued a decision rejecting challenges to Missouri Proposition A, which increased the Missouri Minimum Wage and created a requirement that most Missouri employees be entitled to receive paid sick leave. A summary of the decision may be found on the Court's website here.

The Court found that the ballot summary and fiscal note summary for Proposition A, which appeared on the November 2024 election ballot, were not inaccurate or misleading so as to constitute an irregularity casting doubt on the election. As to the claims challenging Proposition A on the basis that it is unconstitutional because it violates the single subject and clear title provisions of the Missouri Constitution in that it deals with two subjects (raising the minimum wage and creating paid sick time), the Court found that it did not have jurisdiction to decide that question and dismissed these claims without prejudice, meaning a trial court will need to issue a decision on the claims, which could then be appealed. This process would take many months.

The bottom line is that the Missouri Supreme Court did not stop Proposition A from taking effect.

It is our understanding that the prospects of the Missouri Legislature passing a repeal or revision to Missouri Paid Sick Leave that would take effect by Proposition A's May 1, 2025 effective date are slim but not impossible.

Therefore, we recommend that Missouri employers (1) plan to comply with Proposition A's May 1, 2025 effective date and (2) be prepared to publish their policies on Missouri's Paid Sick Time within the week following May 1, 2025 in case there is a last-minute legislative repeal.

Background

As we explained in our previous client alert, on November 5, 2024, Missouri voters approved Proposition A by over 57%, which increased the Missouri Minimum Wage to $13.75, effective January 1, 2025, and will increase it to $15.00 per hour, effective January 1, 2026. Thereafter, the Missouri Minimum Wage will be adjusted annually based on the Consumer Price Index. Further, Proposition A requires that most Missouri non-governmental employers provide one hour of paid sick leave for every 30 hours worked, effective May 1, 2025. Proposition A also requires that Missouri employers post and send a notice regarding paid sick leave to employees by April 15, 2025. On March 19, 2025, we published another client alert with an update on the litigation challenging Proposition A and potential legislative changes to Proposition A.

We are prepared to assist Missouri employers with advice regarding compliance with Proposition A. We will continue to monitor the latest developments, guidance, and legal requirements in this area of law.

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By: John Vering and Shannon Johnson

The Kansas Legislature has amended its Restraint of Trade Act effective July 1, 2025, to create some conclusive presumptions regarding when non-solicit agreements are enforceable and to require that courts reform overly broad non-solicit agreements. These changes are contained in Senate Bill 241, which amends KSA 50-163. These amendments are both significant and very employer-friendly. However, it should be noted that this new law applies only to non-solicit agreements and not to non-compete agreements. As many of you know, a non-solicit agreement prevents an employee from soliciting customers to move their business to a new company and can prevent an employee from soliciting employees to leave their employer. A non-compete agreement is broader and prevents an employee from going to work for a competitor.

What types of Non-Solicit Agreements are Conclusively Presumed to be Enforceable?

Although Senate Bill 241 goes into greater detail regarding what types of non-solicitation agreements are conclusively presumed to be enforceable and not a restraint of trade, the general types of agreements covered are the following

1. Agreements Between a Business Entity and a Business Owner or Seller.

Written agreements between a business entity and a business owner or seller of a business (or part of a business) not to solicit or encourage employees or other owners of the business to leave the business are enforceable if the agreement's duration does not continue for more than four years following the end of the business owner's business relationship with the business entity.

Written agreements by a business owner or seller of a business (or part of a business) not to solicit or encourage customers to terminate business with that business or reduce or transfer business to a competitor are enforceable, but only if the agreement is limited to "material contact customers" (defined at paragraph 3 below) and if the agreement's duration does not continue for more than four years following the end of the business owner's business relationship with the business entity.

Written agreements in which an owner agrees to provide prior notice of the owner's intent to terminate, sell, or otherwise dispose of his/her ownership interest in the business are conclusively presumed to be enforceable and not a restraint of trade.

2. Agreements Between a Business Entity and its Employees

A written agreement between a business entity and an employee not to solicit or encourage a business owner or another employee to leave the business is enforceable if:

- The agreement seeks to protect confidential or trade secret information or customer or supplier relationships, goodwill or loyalty; or
- The agreement restriction does not continue for more than two (2) years following the end of the employee's employment with the business entity.

Written agreements by an employee not to solicit or encourage customers to terminate business with the employer or reduce or transfer business to a competitor are enforceable if the agreement is limited to "material contact customers" and if the agreement's duration does not continue for more than two years following the end of the employee's employment with the employer.

3. "Material Contact Customers"

A "Material Contact Customer" means any customer or prospective customer that is solicited, produced, or serviced, directly or indirectly, by the employee or the business entity, or any customer or prospective customer about whom the employee or the business entity, directly or indirectly, had confidential

business or propriety information or trade secrets in the course of employee's or business's relationship with the customer.

Mandatory Reformation of Overbroad Non-Solicit Agreements

Another major change in Kansas law by Senate Bill 241 is a provision that requires the court to modify overbroad or unreasonable non-solicit agreements (i.e., agreements that are not presumed to be enforceable), to narrow them to the extent necessary to make them enforceable. This change is significant because in the past the court has had the option to either modify/narrow an overbroad non-solicit agreement to make it enforceable or refuse to enforce an overbroad non-solicit agreement and reject the entire document.

Other Provisions of Senate Bill 241

Senate Bill 241 contains a provision providing that, notwithstanding the presumption of enforceability of the non-solicit agreements described above, "an employee or owner shall be permitted to assert any applicable defense available at law or in equity for the court's consideration in a dispute regarding a written covenant." How Kansas Courts will interpret this provision is at this point uncertain. Presumably, an employee could still defend a claim that there was a violation of a non-solicit agreement by arguing that the company breached the agreement first, that the employee was induced to sign it by fraud or duress, or that there was insufficient consideration, or some other legal or equitable defense. Also, note that Senate Bill 241 does not cover non-solicit provisions in franchise agreements or agreements with independent contractors, and does not address non-compete agreements.

What This Means for Employers and Employees

This Senate Bill 241 is a reminder that whether a non-compete, non-solicit, or non-disclosure agreement is going to be enforced depends on the law of the state where the employee works and the exact wording of the agreement. While Senate Bill 241 is employer friendly, many state legislatures are adopting or have adopted employee friendly laws regulating non-compete, non-solicit and non-disclosure agreements. For example, Colorado, Oklahoma, and Nebraska have more employee-friendly non-compete and/or non-solicit laws than Kansas has. Some states restrict which employees can be bound by non-compete, non-solicit, or non-disclosure agreements, and some states expressly prohibit an employer from providing that the agreement will be governed by the law of any state other than the state where the employee works and resides.

We recommend that you have an experienced employment lawyer review your current non-compete, non-solicit, and non-disclosure agreements for legal compliance. We also recommend that you strongly consider modifying your non-solicit agreements for employees working in Kansas so that they include the special language set forth in the amended statute which is required to make those agreements "conclusively presumed to be enforceable". In addition to revising non-solicit agreements for new employees, you should discuss with counsel whether to modify non-solicit agreements with current employees and, if so, what consideration might be required to make those new agreements legally enforceable. Finally, you should discuss whether you need non-compete and non-disclosure provisions to supplement non-solicitation provisions in your agreements and whether different agreements might be appropriate for different classes of employees. For example, production workers with knowledge of trade secrets but no customer contacts might only need a non-disclosure and agreement not to solicit co-workers, while the agreement for a sales employee would also need an agreement not to solicit customers, and the agreement for senior executives might need not only comprehensive non-disclosure and non-solicitation provisions but also a non-compete provision.

For employers with employees in multiple states, we recommend you discuss recent changes in other

state laws relating to your non-compete, non-solicit, and non-disclosure agreements with your attorney, because as noted above, there have been recent changes in many states which may affect your ability to enforce your agreements.

Please feel free to contact us if you need assistance reviewing your non-compete, non-disclosure, and/or non-solicit agreements for legal compliance.

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By: John Vering and Katie Conklin

As we explained in our previous **client alert**, on November 5, 2024, Missouri voters approved Proposition A by over 57%, which increased the Missouri Minimum Wage to $13.75, effective January 1, 2025, and will increase it to $15.00 per hour, effective January 1, 2026. Thereafter, the Missouri Minimum Wage will be adjusted annually based on the Consumer Price Index. Further, Proposition A requires that most Missouri non-governmental employers provide one hour of paid sick leave for every 30 hours worked, effective May 1, 2025. Proposition A also requires that Missouri employers post and send a notice regarding paid sick leave to employees by April 15, 2025. On March 19, 2025, we published another **client alert** with an update on the pending litigation challenging Proposition A and potential legislative changes to Proposition A.

This client alert provides new developments since our recent client alert (published March 19, 2025), covering the fact that Proposition A is still in effect, and the April 15, 2025 deadline to post the required notice and send employees a notice regarding Missouri paid sick leave is only about a week away.

Missouri Department of Labor Guidance

The Missouri Department of Labor ("MDOL") has published on its **website** a list of Frequently Asked Questions to assist Missouri employers in complying with Proposition A's paid sick leave requirements. MDOL has also published a **Model Poster** and a **Model Notice** which employers may use to comply with Proposition A's April 15, 2025 notice deadline.

Unless the Missouri Supreme Court declares Proposition A unconstitutional by April 15, 2025, or unless the Missouri Legislature passes a law repealing the paid sick leave provisions of Proposition A by April 15, 2025, which is highly unlikely given the time it takes for a bill to become law, the safest and recommended course of action for Missouri employers is to post the Model Poster on or before April 15, 2025, and provide employees the Model Notice on or before April 15, 2025. Please note that the text of Proposition A and the guidance from MODL provides that written notice to employees of paid sick leave must be provided "on a single piece of paper 8.5 X 11 paper in no less than 14-point font." Thus, it appears that email or other electronic notice would not meet the statutory requirements.

We can assist employers with advice regarding the necessary poster and notice, including the extent to which employees should be advised that the paid sick leave provisions in Proposition A have been challenged as unconstitutional and that they may be repleaded by the Missouri Legislature.

Update on Lawsuit

As we noted in our client alert from March 19, 2025, a lawsuit has been filed in the Missouri Supreme Court alleging that Proposition A is invalid and unconstitutional for several reasons:

1. The election results for Proposition A must be set aside because the Fiscal Note Summary for Proposition A is insufficient and unfair;
2. The election results for Proposition A must be set aside because the Summary Statement Proposition A is insufficient and unfair;
3. Proposition A is invalid because it contains multiple subjects in violation of the Single Subject Clause of the Missouri Constitution; and
4. Proposition A is invalid because it violates the Missouri Constitution's Clear Title requirement.

On March 12, 2025, the Missouri Supreme Court heard oral argument on the constitutionality of Proposition A. It is unclear how soon the Missouri Supreme Court will rule, but we hope to have a ruling by May 1, 2025, when Missouri Paid Sick Leave is scheduled to take effect. We intend to prepare another client alert on this issue after the Missouri Supreme Court announces its ruling.

Update on Missouri Legislative Developments

On March 13, 2025, the Missouri House passed House Bill 567, which would repeal the Missouri paid sick leave requirements in Proposition A. However, HB 567 does not contain an emergency clause that would make HB 567 effective when signed by the Governor.

House Bill 567 has gone to the Missouri Senate, where it was amended to add an emergency clause and approved by one committee then referred to the Fiscal Oversight Committee. If it passes that committee, it will be submitted to the full Missouri Senate for consideration. If both the Missouri House and Senate agree to pass HB 567 with an emergency clause and if the Governor signs it, the bill would take effect upon the Governor's signature. If HB 567 passes the Missouri Senate and House without an emergency clause and is signed by the Governor, it would take effect August 28, 2025.

What This Means for Employers

If the paid sick leave provisions of Proposition A are not declared unconstitutional or repealed by May 1, 2025, the Missouri paid sick leave law will become effective May 1, 2025, and will likely require every Missouri employer to revise its existing PTO and sick leave policies.

We recommend that employers monitor MDOL guidance and Missouri legislative developments and await the Missouri Supreme Court's ruling.

Given the uncertainties and legal risks, we believe the prudent course of action to post the Model Poster on April 15, 2025, provide the Model Notice to employees on April 15, 2025, and be prepared to implement Missouri Paid Sick Leave on May 1, 2025. We further recommend that employers be prepared to publish revised PTO and/or sick leave policies by May 1, 2025, but not to publish these policies to employees until on or shortly before May 1, 2025, or to make clear that these revised policies will not be effective if Proposition A's paid sick leave provisions are declared unconstitutional or are repealed.

In the meantime, we are prepared to assist Missouri employers with advice regarding the required notice to employees and the poster. We can also assist Missouri employers with revising their existing policies to create policies that would comply with Proposition A if it becomes law on May 1, 2025.

We will continue to monitor the latest developments, guidance, and legal requirements in this area of

law. *This article is general in nature and does not constitute legal advice. If you have legal questions, please consult the authors, John Vering (jvering@sb-kc.com) at 816.265.4109 or Katie Conklin (kconklin@sb-kc.com) at 816.265.4114, or other attorneys in Seigfreid Bingham's Employment Law Group, including: John Neyens (johnn@sb-kc.com) 816.265.4152, Mark Opara (mopara@sb-kc.com) 816.265.4140, Shannon Cohorst Johnson (sjohnson@sb-kc.com) 816.265.4139, Cody Weyhofen (cweyhofen@sb-kc.com) 816.265.4163, or your regular contact at Seigfreid Bingham at 816.421.4460.*

By: Katie Conklin, **Christopher Tillery**, and **John Vering**

On February 5, 2025, we published a Client Alert regarding "What Clients Should Know About President Trump's Anti-Diversity, Equity, and Inclusion (DEI) and Affirmative Action Executive Order and Its Potential Effects on Government Contractors, Grant Recipients, Nonprofits, and Private Sector Employers," which can be found here.

On March 19, 2025, the U.S. Equal Employment Opportunity Commission (EEOC) and the U.S. Department of Justice (DOJ) jointly issued a guidance document titled "What To Do If You Experience Discrimination Related to DEI at Work." The EEOC also issued a second, longer document titled "What You Should Know About DEI-Related Discrimination at Work." These guidance documents align with President Trump's recent executive orders regarding DEI and affirmative action in the workplace.

Key Points in Guidance

The EEOC and DOJ's guidance warns against unlawful DEI-related discrimination and provide examples of employment policies, programs, or practices that may violate Title VII. Below are some key takeaways from the guidance:

- **No "reverse" discrimination.** The guidance reminds employers that Title VII's protections apply equally to all workers, regardless of their race, sex, or any other protected characteristic, stating that "[t]he EEOC's position is that there is no such thing as 'reverse' discrimination."
- **No "business necessity" exception for DEI programs or diversity interests.** According to the guidance, there is no "business necessity" exception for DEI programs, and "Title VII does not provide any 'diversity interest' exception to these rules." Based on this guidance, the EEOC warns that an employer is not justified in taking any employment action based on race, sex, or another protected characteristic based on a business necessity on interest in diversity, including preferences or requests by the employer's clients or customers.
- **Unlawful quotas, balancing practices, and DEI-related disparate treatment.** Under the guidance, unlawful DEI-related discrimination includes using quotas or otherwise balancing a workforce by any protected characteristic and taking any employment action motivated in whole or in part by a protected characteristic, including hiring, firing, promotion, demotion, compensation, fringe benefits, selection for interviews, and exclusion from training, fellowships, or mentorship or sponsoring programs.
- **Unlawful limiting, segregating, and classifying.** The guidance also notes that limiting, segregating, and classifying employees based on race, sex, or other protected characteristics in a way that affects their status or deprives them of employment opportunities is unlawful under Title VII, including limiting membership to certain employee resource groups or other affinity groups, and separating employees into groups based on any protected characteristic when administering DEI or other trainings or programming.
- **Hostile work environment claims related to DEI training.** The guidance states that, depending on the facts, DEI training may give rise to a colorable hostile work environment claim. The

guidance notes that workplace harassment is illegal when it results in an adverse change to a term, condition, or privilege of employment or is so frequent or severe that a reasonable person would consider it intimidating, hostile, or abusive.

- **Retaliation for opposition to DEI training.** According to the guidance, an employee's reasonable opposition to DEI training may constitute a protected activity and protect them from retaliation under Title VII if the employee provides a fact-specific basis for their belief that the training violates Title VII.

The EEOC's guidance also encourages employees to file a charge for discrimination if they believe they have experienced DEI-related discrimination.

What This Means for Employers

Based on the guidance, only forms of DEI that take race, sex, or other protected characteristics into account may be considered unlawful under Title VII. However, because the guidance opens the door for employees to file charges with the EEOC for DEI-related discrimination, employers should review their policies, programs, and practices to assess if any may conflict with the guidance. If your organization has affirmative action or DEI-related policies, programs, or practices, we recommend that they be reviewed for legal compliance to reduce the risk of reverse discrimination claims and lawsuits.

Please contact the Seigfreid Bingham Employment Law Group with any questions about this client alert or if you need assistance reviewing or amending your employment policies or practices to comply with the latest challenges to DEI policies, programs, and practices. We will continue to monitor the latest developments, guidance, and legal requirements in this area of law.

This article is general in nature and does not constitute legal advice. If you have legal questions, please consult the authors, John Vering (jvering@sb-kc.com) at 816.265.4109, Christopher Tillery (ctillery@sb-kc.com) at 816.265.4157, Katie Conklin (kconklin@sb-kc.com) at 816.265.4114, or other attorneys in Seigfreid Bingham's Employment Law Group, including: John Neyens (johnn@sb-kc.com) 816.265.4152, Mark Opara (mopara@sb-kc.com) 816.265.4140, Shannon Cohorst Johnson (sjohnson@sb-kc.com) 816.265.4139, Brenda Hamilton (bhamilton@sb-kc.com) 816.265.4103, Julie Parisi (jparisi@sb-kc.com) 816.265.4159, Mirjana Gacanich (mgacanich@sb-kc.com) 816.265.4148, or Colby Stone (cstone@sb-kc.com) 816.265.4162, or your regular contact at Seigfreid Bingham at 816.421.4460.

By: Katie Conklin and John Vering

As we explained in our previous client alert, on November 5, 2024, Missouri voters approved Proposition A by over 57%, which increased the Missouri Minimum Wage to $13.75, effective January 1, 2025, which will then increase to $15.00 per hour, effective January 1, 2026. Thereafter, the Missouri Minimum Wage will be adjusted annually based on the Consumer Price Index. Further, Proposition A requires that most Missouri non-governmental employers provide one hour of paid sick leave for every 30 hours worked. Proposition A requires employers to post and send employees a notice regarding paid sick leave by April 15, 2025, and start providing paid sick leave beginning May 1, 2025.

This client alert provides an update on Proposition A, the litigation now challenging Proposition A, potential legislative changes to Proposition A, and what this litigation and possible legislative changes mean for employers.

Missouri Department of Labor Guidance

The Missouri Department of Labor ("MDOL") has published on its website a required poster and some

guidance regarding the Missouri minimum wage increase to $13.75 that became effective January 1, 2025, which may be found here. The poster and guidance do not address paid sick leave under Proposition A.

MDOL has also published on its website a list of Frequently Asked Questions to assist Missouri employers in complying with Proposition A's paid sick leave requirements and intends to provide future guidance, including a model notice to employees and a model poster explaining rights and responsibilities under Proposition A. The Frequently Asked Questions can be found here. MDOL hopes to have this additional guidance available prior to the April 15, 2025 deadline for Missouri employers to notify employees in writing of their paid sick leave rights under Proposition A.

We can assist employers with advice regarding required notice, poster, and policy changes to existing PTO and sick leave policies.

Lawsuit Overview

On December 6, 2024, a Verified Petition for Election Contest ("Petition") was filed in the Missouri Supreme Court by three registered Missouri voters and six non-profit industry groups, including: (1) the Missouri Grocers Association; (2) the Missouri Restaurant Association; (3) the Associated Industries of Missouri; (4) the National Federation of Independent Business, Inc.; (5) Missouri Forest Product Association; and (6) the Missouri Chamber of Commerce and Industry ("Plaintiffs"). The Amended Petition, filed on January 2, 2025, alleges that Proposition A is invalid and unconstitutional for several reasons:

1. The election results for Proposition A must be set aside because the Fiscal Note Summary for Proposition A is insufficient and unfair;
2. The election results for Proposition A must be set aside because the Summary Statement Proposition A is insufficient and unfair;
3. Proposition A is invalid because it contains multiple subjects in violation of the Single Subject Clause of the Missouri Constitution; and
4. Proposition A is invalid because it violates the Missouri Constitution's Clear Title requirement.

On March 12, 2025, the Missouri Supreme Court heard oral argument on the constitutionality of Proposition A. It is unclear how soon the Missouri Supreme Court will rule, but we hope to have a ruling by May 1, 2025, when Missouri Paid Sick Leave is scheduled to take effect.

We intend to prepare another client alert on this issue after the Missouri Supreme Court announces its ruling.

Missouri Legislative Developments

On March 13, 2025, the Missouri House passed House Bill 567 which would repeal the Missouri paid sick leave requirements in Proposition A. However, HB 567 does not contain an emergency clause so it would not take effect until August 28, 2025, which is after the May 1, 2025 effective date of Missouri paid sick leave law.

In addition, while HB 567 would keep Missouri's minimum wage at $13.75 in 2025 and increase it to $15.00 on January 1, 2026, it would change Proposition A by removing the provision that would increase the Missouri minimum wage after 2026 to track increases in the Consumer Price Index.

House Bill 567 now goes to the Missouri Senate, which is in spring recess until March 24, 2025. It is unclear if the Missouri Senate will pass HB 567 and whether it will add an emergency clause so that HB 567 will take effect upon the Governor's signature if the House reconsiders the bill and agrees to add an

emergency clause. A two-thirds vote is required to approve an emergency clause.

What This Means for Employers

We recommend that employers monitor MDOL guidance and Missouri legislative developments and await the Missouri Supreme Court's ruling. In the meantime, we recommend that employers consult with legal counsel and be prepared by April 15, 2025, to notify employees working full or part-time in Missouri of their rights to Missouri paid leave effective May 1, 2025, unless the Missouri legislature repeals Missouri paid sick leave or Missouri Supreme Court finds Proposition A to be unconstitutional.

Almost every Missouri employer will be required to revise their leave policies if Missouri's paid leave law is not repealed or declared unconstitutional.

This article is general in nature and does not constitute legal advice. If you have any questions concerning this lawsuit or Proposition A, please do not hesitate to contact the authors, John Vering at 816.265.4109 (jvering@sb-kc.com) or Katie Conklin at 816.265.4114 (KConklin@sb-kc.com), or other attorneys in Seigfreid Bingham's Employment Law Group, including John Neyens at 816.265.4152 (johnn@sb-kc.com), Mark Opara at 816.265.4140 (mopara@sb-kc.com), Shannon Cohorst Johnson at 816.265.4139 (sjohnson@sb-kc.com), or your regular contact at Seigfreid Bingham at 816.421.4460. We will continue to monitor the latest developments, guidance, and legal requirements in this area of law.

By: John Fuchs, Rachel Sterbenz, Tate Thompson, and Nida Rais

The Corporate Transparency Act ("CTA") is yet again making headlines. As we previously reported, the Financial Crimes Enforcement Network ("FinCEN") recently extended the CTA reporting deadline to March 21, 2025, for most reporting companies. However, since then, FinCEN announced they will not penalize individuals or entities for not filing a beneficial ownership information report ("BOIR") by the March 21st deadline and indicated they will be proposing changes to the CTA reporting rule to reduce the "regulatory burden on businesses."

A few days later, the Treasury Department went one step further by announcing that the revised CTA reporting rules will apply to "foreign reporting companies only" and the Treasury Department will not take any enforcement actions against U.S. citizens or domestic reporting companies or their beneficial owners for failing to file BOIRs after the new rule changes take effect.

FinCEN Announces No Enforcement Actions for Non-Compliance

On February 27, 2025, FinCEN issued notice FIN-2025-CTA2 that it will not take any enforcement actions against companies that do not comply with the March 21, 2025, deadline:

> Today, FinCEN announced that it will not issue any fines or penalties or take any other enforcement actions against any companies based on any failure to file or update beneficial ownership information (BOI) reports pursuant to the Corporate Transparency Act by the current deadlines. No fines or penalties will be issued, and no enforcement actions will be taken, until a forthcoming interim final rule becomes effective and the new relevant due dates in the interim final rule have passed.

FinCEN also stated its intention to further extend the deadline and revise the scope of the existing rules:

> **No later than March 21, 2025**, FinCEN intends to issue an interim final rule that extends BOI reporting deadlines, recognizing the need to provide new guidance and clarity as quickly as

> possible, while ensuring that BOI that is highly useful to important national security, intelligence, and law enforcement activities is reported.

The result of FIN-2025-CTA2 was essentially to make CTA compliance voluntary pending further rulemaking from FinCEN.

Treasury Department Announces Proposed Rule Limiting CTA to Foreign Entities

Shortly after FinCEN's announcement, the Treasury Department issued a separate Press Release on March 2, 2025, stating its intent to exclude U.S. citizens and domestic reporting companies from any enforcement actions under the CTA:

> The Treasury Department is announcing today that, with respect to the Corporate Transparency Act, not only will it not enforce any penalties or fines associated with the beneficial ownership information reporting rule under the existing regulatory deadlines, but it will further not enforce any penalties or fines against U.S. citizens or domestic reporting companies or their beneficial owners after the forthcoming rule changes take effect either.

The Treasury Department also stated it is preparing a proposed rulemaking to narrow the scope of the CTA to foreign reporting companies only:

> The Treasury Department will further be issuing a proposed rulemaking that will narrow the scope of the rule to foreign reporting companies only. Treasury takes this step in the interest of supporting hard-working American taxpayers and small businesses and ensuring that the rule is appropriately tailored to advance the public interest.

For context, a "foreign reporting company" under the CTA includes any entity that satisfies all of the following elements:

- A corporation, limited liability company, or other entity;
- Formed under the law of a foreign country; and
- Registered to do business in any State or tribal jurisdiction by the filing of a document with a secretary of state or any similar office under the law of a State or Indian tribe.

Accordingly, no penalties or fines will be imposed for non-compliance with the CTA's reporting requirements under current regulatory deadlines, at least with respect to U.S. citizens and domestic entities and their beneficial owners.

What Now?

For now, at least, the CTA is indefinitely on hold for U.S. citizens and domestic reporting companies. Foreign entities and non-U.S. citizens presumably will be the only parties subject to the CTA's reporting requirements when the Treasury Department's final rules are issued.

Additionally, the constitutionality of the CTA remains uncertain. As previously reported, there are several pending cases before various appellate courts throughout the country challenging the constitutionality of the CTA and its reporting requirements on multiple grounds. In addition, yesterday, the U.S. District Court for the Western District of Michigan ruled the CTA is unconstitutional on Fourth Amendment grounds in *Small Business Association of Michigan et al v. Yellen et al*.

The future of the CTA remains uncertain, but for now, no enforcement actions will be taken against U.S.

citizens or domestic entities under the CTA. Businesses may elect to voluntarily file, but there appear to be no consequences for individuals or entities that choose to ignore the CTA.

Please contact the Seigfreid Bingham Corporate Law Practice Group or your regular Seigfreid Bingham contact with any questions.

This article is general in nature and does not constitute legal advice. The authors of this article are members of Seigfreid Bingham's Corporate Law Practice Group and Corporate Transparency Act Task Force and routinely represent clients in corporate structuring and other general business matters. If you or your organization have questions about the impact of these developments, please contact John Fuchs, Rachel Sterbenz, Emily Crane, Tate Thompson, or Nida Rais at 816.421.4460.

By: Tate Thompson and Colby Stone

The Department of Education (the "**Department**") has rescinded Name, Image, and Likeness ("**NIL**") guidance issued in the final days of the Biden administration that interpreted Title IX to require proportional NIL payments among men's and women's collegiate sports. The Department's rescission came less than a month after the Biden administration issued its Title IX guidance.

Biden Administration's OCR Fact Sheet

On January 16, 2025, in the final days of the Biden administration, the Department of Education's Office for Civil Rights ("**OCR**") issued guidance entitled "*Fact Sheet: Ensuring Equal Opportunity Based on Sex in School Athletic Programs in the Context of Name, Image, and Likeness (NIL) Activities*" (the "**OCR Fact Sheet**"). The OCR Fact Sheet provided guidance on the Title IX obligations of higher education institutions in connection with NIL activities. Generally, the OCR Fact Sheet directed institutions to offer "equal athletic opportunities in their athletic programs, including in the NIL context."

Notably, the OCR Fact Sheet determined that NIL agreements between a school and a student-athlete qualify as "athletic financial assistance" subject to Title IX proportionality requirements. Additionally, the OCR Fact Sheet indicated that NIL agreements provided by collectives and other third parties could be subject to Title IX requirements. Whether a third-party NIL agreement would be subject to "Title IX's equal athletic opportunity requirements is a fact-specific inquiry." Given that these types of "NIL agreements vary widely and continue to evolve," the OCR declined to "offer specific guidance on Title IX's application in the context of compensation provided for the use of a student athlete's NIL by a third party, including an NIL collective."

The OCR Fact Sheet's interpretation of Title IX was particularly noteworthy in connection to the pending *House* settlement, which proposes a revenue-sharing model among certain Division I institutions. One of the major issues facing the *House* settlement is whether institutional revenue-sharing and NIL payments to student-athletes constitute "athletic scholarships or grants-in-aid." Under the OCR Fact Sheet, such institutional payments would have been subject to Title IX protections, requiring proportional distributions of such funds.

Trump Administration Rescinds OCR Fact Sheet

Less than a month later, on February 12, 2025, the Trump administration's OCR issued a Press Release entitled "*U.S. Department of Education Rescinds Biden 11th Hour Guidance on NIL Compensation*," rescinding the OCR Fact Sheet and pulling it from the Department's website (the "**Rescission**"). In support of its decision, the Department stated that "Title IX says nothing about how revenue-generating athletics programs should allocate compensation among student athletes" and characterized the OCR Fact Sheet as "overly burdensome, profoundly unfair, and … well beyond what agency guidance is

intended to achieve." Finally, the Department discredited the OCR Fact Sheet as lacking "clear legal authority" in its decision to rescind the OCR Fact Sheet:

> "The claim that Title IX forces schools and colleges to distribute student-athlete revenues proportionately based on gender equity considerations is sweeping and would require clear legal authority to support it. That does not exist."

Impact and Recommendations

The Rescission will have significant implications for collegiate institutions as they adjust to the seemingly ever-changing world of college sports. While the OCR Fact Sheet would have subjected NIL pay to Title IX requirements, the Rescission shows the Trump Administration interprets NIL payments, and potentially revenue-sharing, as outside of the typical athletic financial assistance traditionally governed by Title IX.

Accordingly, institutions should assess their Title IX compliance strategies in light of the current administration's guidance following the Rescission. For now, there do not appear to be any restrictions for or against a gender-proportionate distribution model. However, many schools will likely distribute the majority of the NIL funds to football and men's basketball programs, often leaving less than 5% for women's sports.

Despite the Rescission and the current administration's stance on Title IX, there will likely be legal challenges to disproportionate NIL payments in line with the OCR Fact Sheet. While the Rescission provides a temporary reprieve to the legal challenges facing the *House* settlement, it does not definitively resolve the Title IX issues associated with NIL payments to student-athletes.

Relatedly, the *House* settlement still faces multiple legal hurdles. Under the prior administration, the Department of Justice ("**DOJ**") filed a Statement of Interest expressing concerns about the proposed revenue-sharing model as a potential antitrust violation. To date, the DOJ has not yet rescinded the Statement of Interest, and the antitrust issues facing the *House* settlement remain unresolved.

This article is general in nature and does not constitute legal advice. If you have legal questions, please consult the authors, Tate Thompson (tthompson@sb-kc.com) at 816.265.4150, and Colby Stone (cstone@sb-kc.com) at 816.265.4162, or your regular attorney contact at Seigfreid Bingham at 816.421.4460.