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Senate File 3881

Dear Chair Rarick and Members of the Senate Labor and Industry Committee,

The National Federation of Independent Business (NFIB) is the largest small business organization in Minnesota, with over 10,000 members in every corner of the state. Over 75% of our members have fewer than 10 employees and our mission is to advocate for Main Street.

NFIB opposes Senate File 3881. In particular, NFIB objects to the Minnesota Department of Labor and Industry's paid leave mandate proposal. At a time when small employers are facing unprecedented challenges – record inflation, chronic worker shortages, supply chain disruptions, skyrocketing energy costs, sales well below pre-pandemic levels – it is unfathomable that some politicians in St. Paul want to add another burdensome mandate on Main Street.

The paid leave mandate upends existing employment arrangements for small businesses across Minnesota by failing to account for flexible work arrangements, part time employment and other employment relationships that benefit both small employers and their employees.

[An NFIB study](#) of a similar paid leave mandate proposal in Colorado found that it would cost over 14,000 jobs and decrease real output by nearly \$6 billion in the first five years, about half of which would be borne by small employers.¹

One size fits all mandates simply don't work for small businesses. In addition to the mandate, SF 3881 includes onerous new paperwork requirements and staggering 900% penalty increases.

Even in the face of a pandemic, employees express high rates of satisfaction with existing benefits and pay. According to the [Employee Benefits Research Institute \(EBRI\), in 2020](#):²

- 77% of employees are offered paid vacation and 66% are offered paid sick time
- 61% of employees view their paid time off and leave benefits as excellent or very good
- 74% of employees trust their employer to help improve their overall well-being

¹ Chow, Michael, "Effects of a Paid Sick and Safe Time Mandate on Colorado Small Businesses," NFIB Research Foundation, August 2011.

² Employee Benefits Research Institute, "2021 Workplace Wellness Survey," https://www.ebri.org/docs/default-source/wbs/wws-2021/2021-workplace-wellness-short-report.pdf?sfvrsn=c4553b2f_6, accessed 3/14/2022.

- More employees would rather have less paid leave and higher wages (25%) than would want more paid leave and lower wages (17%)

EBRI's findings are consistent with a [2016 NFIB report](#), which noted that 74% of small employers offer paid time off and 77% offer paid vacation.³

Further, NFIB opposes the proposed modifications to commercial energy code adoption in Article 2, Section 10. This language would eliminate heating and cooking fuel options that keep millions of Minnesotans warm, fed and in business. Our small business members – over 95% – in Minnesota strongly oppose fuel source bans. Small business owners need the flexibility to make the most cost-effective and reliable decisions for themselves and their employees.

Around the country, energy providers are testing lower- or zero-emission blends and alternatives to existing pipeline-based fuels. The department's proposal would undercut innovation that is reducing emissions and preserving reliable energy options for the future.

Please reject the new mandates, red tape, and penalties on small employers in SF 3881. Instead, help struggling Main Street businesses with UI tax relief today.

Sincerely,



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³ Wade, Chow, "NFIB National Small Business Poll," NFIB Research Center, Volume 13, Issue 4 (2016), [NFIB SBP Emp-Compensation2017_v2.pdf \(411sbfacts.com\)](#), accessed 3/14/2022