



March 27, 2023

Dear Members of the Senate Finance Committee:

On behalf of the Minnesota Chamber of Commerce, we appreciate the opportunity to share our opposition to HF 19 (SF 34; Sen. Pappas), legislation seeking to impose a new unfunded paid leave mandate on Minnesota's employers. The Minnesota Chamber is a statewide organization representing more than 6,300 businesses and more than half a million employees throughout Minnesota, and a majority of our members are small to mid-sized businesses.

Minnesota's employers, employees, and communities are counting on lawmakers to work toward an agenda for economic growth, making Minnesota's economy stronger, more vibrant, and more competitive. We know from the Chamber's 2023 Business Benchmarks that Minnesota lags other states in a number of key business metrics. Instead of accelerating economic growth in 2023, this bill takes the opposite approach.

Minnesota employers provide their employees with numerous benefits promoting wellness and flexibility, building high morale, and attracting and retaining the best talent in a competitive marketplace while maintaining the ability to operate safely and manage a variety of workplaces across the state. In fact, over 80% of Chamber members offer paid leave in some form to their employees.

Employers in every industry in Minnesota are also experiencing supplier challenges, changes in workforce protocols, and the high rate of inflation. Coinciding with these operational cost-drivers, the state is experiencing a workforce shortage of crisis levels largely due to structural demographic changes and declining labor force participation. Increasingly, companies and employees can conduct business virtually, and can choose or move more rapidly to new jurisdictions, which may have real consequences for Minnesota's economic growth.

Minnesota businesses don't have the luxury of considering tax and labor policies, state spending, and regulatory decisions separately, in a vacuum. Employers – particularly our state's small and mid-sized businesses – are at risk of a multitude of paid leave mandates and workplace regulations. This is in a state that is already considered a high tax, high cost-of-doing-business state. Importantly, this proposal is in addition to another proposal that would mandate another 20 weeks of paid family and medical leave on our business community.

The paid sick and safe time provisions mandate that employers ultimately offer up to 80 hours of fully paid time off in a specific format, for an expanded and overly broad set of familial persons, for an increasing list of qualifying events. HF 19/SF 34 requires employers to maintain specific records, in a specific format – or risk significant fines and liabilities - for a set of benefits that a majority of Minnesota Chamber members are already offering their employees in some form.

This proposal is different than paid sick and safe time ordinances adopted in Minneapolis, St. Paul, Duluth, and Bloomington and disregards existing small business considerations. This further complicates compliance and increases costs for businesses who operate in those locations as these local ordinances are not preempted. Nor does HF 19/SF 34 explicitly prohibit local jurisdictions from adopting policies that go beyond the state policy creating a scenario where employers would still be required to comply with a patchwork of sick and safe time mandates within Minnesota.

Cost, compliance and operational impacts of mandates such as the one being considered today put pressure on employers, especially small employers. Increased costs further limit resources available for employee compensation, job growth, and expansion in Minnesota.

The Chamber supports amending the bill to limit the scope of and provide our smallest businesses with some relief from the financial and operational impacts of this mandate. Furthermore, it is important to ensure employers have the flexibility to manage around these mandates in ways that are feasible and not cost-prohibitive. Finally, all our members benefit from mitigating the burdens of onerous compliance requirements. We encourage legislators to continue to work on this bill with these considerations in mind.

The Chamber supports an approach that limits additional cost burdens and mandates on employers who are doing their best to keep their doors open and Minnesotans employed. We appreciate the opportunity to share our opposition to HF 19/SF 34 with the committee.

Sincerely,

Lauryn Schothorst

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Minnesota Chamber of Commerce