



180 5th St. E. Ste. 260
St. Paul, MN 55101

651-293-1283
NFIB.com/MN
Twitter: @NFIB_MN

January 24, 2023

Senate File 34 (Pappas)

Dear Members of the Senate State and Local Government and Veterans Committee,

The National Federation of Independent Business (NFIB) represents over 10,000 small businesses in every industry and every corner of our state. Nearly 90% of our members have fewer than 20 employees and our average member employs 10 Minnesotans.

NFIB is committed to advocating for the best interests of Main Streets across Minnesota. Small businesses work hard to take care of their employees and contribute to their communities, often on increasingly thin margins and vanishing bottom lines.

NFIB Minnesota opposes Senate File 34 in its current form. We believe it is an unfunded mandate that will disadvantage small businesses already struggling with inflation, higher labor costs and worker shortages.

The proposal requires small employers to provide up to 48 hours of paid leave in the first year and up to 80 hours (including rollover of accrued time) in future years. This will impose a particular hardship on very small businesses and small employers that rely on part-time or seasonal employees, as many will be starting furthest from the bill's requirements.

A small business with 10 employees making an average hourly wage of \$20 face additional costs of up to \$9,600 in the first year under this mandate and \$16,000 in subsequent years. Even if employees only used half the leave available, that presents a substantial financial burden for an employer of this size.

We encourage lawmakers to look to other states with existing laws similar to this proposal for leave structures that shield small businesses from undue hardship.

New York, for example, requires very small employers (1-4 employees) with \$1 million or less in net income to provide 40 hours of unpaid leave.

Oregon requires very small employers (<10 employees) to provide one hour of unpaid leave for every 30 hours worked. And most states limit annual paid leave accrual to 40 hours per year, or one work week.

Thank you for considering the perspective of small business.

Sincerely,

A handwritten signature in black ink, appearing to read 'JL Reynolds', with a stylized flourish at the end.

John L. Reynolds
Minnesota State Director
National Federal of Independent Business
john.reynolds@nfib.org
(651) 293-1283