



March 2, 2023

RE: SF 413 (Pappas) MN Secure Choice

Chair Murphy and Members of the State and Local Government Committee,

The Minnesota Chamber is a statewide organization representing more than 6,300 businesses of all sizes employing more than half a million employees. We support policies to best position our state for future success by advancing a competitive business climate to encourage a growing economy.

We agree with the worthy goal of encouraging greater savings. However, we are opposed to this bill as it creates a new employer mandate with too many unknowns related to costs, penalties and timelines. Minnesota already imposes higher cost burdens than most other states and this bill adds a new employer requirement not required in most other states including any of our neighboring states. The hardest hit would be smaller businesses that do not have sophisticated HR departments to help navigate these new requirements as they will also be potentially dealing with all the other new employer mandates moving through the legislature. We would urge legislators to address the following issues:

**Adding a small business exemption.** This bill does not include a small business exemption as most other states with similar programs have done. For example: CO, IL and ME exempt employers with 5 or fewer employees; NY with 10 or fewer employees; and NJ with 25 or fewer employees. We urge legislators to consider the cumulative impact of all the new employer mandates moving through the legislature such as the new earned sick and safe time mandate and the new 24 week paid medical and family leave mandate with its over \$1 billion annual payroll tax. These additional employer mandates would add many new requirements for private sector employers subjecting them to penalties and additional cost burdens. Providing a small business exemption would greatly help lessen the burden and this could be coupled with a voluntary opt-in provision.

**Address penalties and timelines:** We are concerned with penalties being set by a non-elected board as this should be under legislative purview. Any penalties should be minimal as most other states have enacted such as New Jersey providing a warning in the first year or Maine's \$25 penalty. The timeline of October 24, 2024 seems unrealistic both in the ability for the state to get this up and running and to educate employers and employees on this new requirement. In addition, the cumulative impact of all the other new employer mandates and their implementation dates should be taken into consideration in order to lessen cost burdens and confusion for both employers and employees.

There are other unknowns that should be addressed prior to this bill advancing including the cost to the state's budget and any impact to the private sector market place.

Sincerely,

Beth Kadoun - Vice President, Tax and Fiscal Policy  
Minnesota Chamber of Commerce