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Senate File 34 (Pappas)

Dear Chair Latz and Members of the Senate Judiciary 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 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 time 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.

In addition, the bill adds to the burden faced by small employers by expanding the individual cause of action in Chapter 177 to include alleged violations of the earned sick and safe time requirements. It also expands administrative penalties for potentially trivial violations, such as responding to a document request by regular mail instead of certified mail, by 900%.

In its current form, this bill is an outlier nationally and within Minnesota. Among states with similar laws, most recognize that small businesses are different than big businesses. They provide exemptions for small businesses under certain employee thresholds, easier and fairer ways of managing unused leave, and a waiting period prior to use of earned time.

The current proposal conflicts with existing ordinances in Minneapolis, Duluth, and Bloomington that provide fairer treatment for small businesses. This creates confusion and a potential new legal trap for small employers who are already struggling to keep up with ever-expanding labor regulations from multiple jurisdictions.

We urge the committee to look toward other existing laws for fairer treatment of small employers and thank you for considering the perspective of small business.

Sincerely,



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| Location | Small Business Treatment | Front Loading/Carry Over | Waiting Period |
|----------------------------------|--|--|--|
| MN (SF 34/HF 19) | No employer size-based exemptions. | Must front-load and pay out to avoid carry over of unused hours. | None |
| Arizona | < 15 employees = *24* hours (> 15 = 40 hours) | If front loaded annually, carry over at discretion of employer. | 90 Days |
| Bloomington, MN | < 5 employees = 48 hours of *unpaid* ESST | Unable to determine. | 90 Days |
| Connecticut | < 50 employees exempt | Unable to determine. | 680 Hours |
| Duluth, MN | < 5 employees exempt. Does not apply to seasonal workers. | If front loaded annually, carry over at discretion of employer. | 90 days |
| Maryland | < 40 employees = 40 hours of *unpaid* ESST | If front loaded annually, carry over at discretion of employer. | 106 Days |
| Massachusetts | < 11 employees = 40 hours of *unpaid* ESST | If front loaded annually, carry over at discretion of employer. | 90 Days |
| Minneapolis | < 5 employees = 48 hours of *unpaid* ESST | If front loaded annually, carry over at discretion of employer. | 90 Days |
| New York | < 5 Employees and < \$1 million net income = 40 hours *unpaid* < 5 Employees and > \$1 million net income = 40 hours paid 5-99 Employees = 40 hours paid | If front loaded annually, carry over at discretion of employer. | Accrual begins after 30 hours. |
| Oregon | < 10 employees = 40 hours of *unpaid* ESST | If front loaded annually, carry over at discretion of employer. | 90 Days |
| Rhode Island | < 18 employees = 40 hours of *unpaid* ESST | If front loaded annually, carry over at discretion of employer. | New Employees: 90 Days Seasonal Employees = 150 Days Temp Employees = 180 Days |
| Vermont | Does not apply to (among others): - employees that work <18 hours per week - seasonal employees employed for < 20 weeks per 12 months (if job continues, accrual retroactive to start date) | If front loaded annually, carry over at discretion of employer. | One Year (at employer's discretion) |