



February 3, 2023

Dear Members of the Senate Judiciary and Public Safety Committee:

On behalf of the Minnesota Chamber of Commerce, thank you for the opportunity to share our opposition to SF 2 (Sen. Mann), 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.

SF 2 places a new 0.7 percent payroll tax on every employer to create a broad new state-run insurance program that will collectively cost the Minnesota business community nearly \$1 billion annually while creating a mechanism for an employee to be away from their job for up to 24 weeks each year – not yet to say exactly how stackability with proposed paid sick and safe time mandates and existing FMLA obligations will be reconciled. Our members are concerned by the rigid nature of the proposal – they must provide this leave in a specific format, for an expanded and overly broad set of familial persons, for an increasing list of qualifying events. Further, SF 2 requires thus 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.

In its current form, SF 2 would impede Minnesota's competitiveness and economic growth. SF 2 is a complex proposal and we have significant concerns with the way it is drafted and structured in terms of workability. We hope that legislators will continue to work on the proposal in order to address issues relating to its cost, its size and scope, and the workability of its construction.

Cost, compliance and operational impacts of mandates such as the ones being considered this session 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 an approach that limits additional cost burdens, mandates, and liabilities on employers who are doing their best to keep their doors open and Minnesotans employed.

We appreciate the opportunity to share our opposition to SF 2 with the committee.

Sincerely,

Lauryn Schothorst

Director, Workplace Management and Workforce Development Policy