



April 24, 2024

Dear Members of the Senate Finance Committee:

As the Senate works to finalize its 2024 Labor Supplemental Budget Bill, the Minnesota Chamber of Commerce, a statewide business organization representing over 6,300 business and over half a million employees throughout Minnesota, appreciates the opportunity to share our perspective on provisions within SF 5266 (Sen. McEwen).

The cost of doing business in the state increased significantly as a result of the 2023 legislative session. After a record-setting number of new labor mandates, workplace restrictions, and business taxes, employers are very concerned about any additional policy proposals that further impede their ability to succeed and grow in Minnesota. Now is not the time to add additional costs and liabilities on Minnesota's employers, and yet SF 5266 contains more requirements, penalties, remedies, and employer obligations.

Small and mid-sized businesses cannot simply absorb state-imposed cost-of-doing-business increases year after year. In order for our members to manage the cost of these state mandates, we see higher costs for goods and services, lower rates of reinvestment into businesses, and negative impacts on other employee benefits. Minnesota's Tax Incidence report regularly notes that business costs get passed onto consumers.

In particular, Article 5 seeks to modify the recently enacted unfunded paid sick and safe time mandate imposed on Minnesota's employers. During the 2023 legislative session, the Minnesota Chamber testified on numerous occasions with our staunch opposition to the imposition of this mandate for a number of reasons. We sought to limit the scope of the mandate; provide our smallest businesses with some relief from its financial and operational impacts; and ensure employers have the flexibility to manage these new requirements in ways that are feasible and not cost-prohibitive. We specifically asked that legislators mitigate the burdens of the onerous compliance requirements.

While Article 5 includes some of the clarifications necessary to reduce confusion resulting from the interpretation of this new law uncovered during its rollout and implementation, it also includes increased compliance, rulemaking, and remedies as well as expanding the scope of the mandate itself.

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 also support enacting technical and substantive changes to address unnecessarily onerous compliance concerns as well as statutory modifications to address overreach and issues uncovered during implementation.

The Minnesota Chamber believes that balanced employment-related policy benefits both employers and workers as well as taxpayers while enabling our economy to grow. In that context, while we appreciate that some clarifications are included in this Article, we encourage members to strike Article 5 and pursue clarifications along with policy changes that the business community has advocated for before and after enactment found in SF 5135 (Sen. Draheim).

Sincerely

Lauryn Schothorst

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