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March 13, 2024

**House File 3446 (Berg)-Senate File 3588 (Mohamed)**

Dear Chair Champion and Senate Jobs & Economic Development Committee Members,

The National Federation of Independent Business (NFIB) represents over 10,000 small businesses across Minnesota. Our mission is to promote and protect the right of our members to own, operate, and grow their businesses.

NFIB strongly opposes HF 3446-SF3588, which will increase unemployment insurance (UI) costs for all employers by making striking workers eligible for unemployment insurance almost immediately and allowing striking workers to collect benefits immediately when temporary or permanent replacement workers are hired.

This proposal is fundamentally unfair to small employers and jeopardizes the financial stability of the unemployment insurance system.

- 1) This proposal runs counter to the historic purpose of the UI system: to provide benefits for workers who lost their job through no fault of their own. Minnesota's UI program already covers striking workers who are engaged in a labor dispute over health and safety violations. Striking workers who voluntarily walk off the job over other types of disputes are not – and should not be – eligible for unemployment benefits.
- 2) UI is 100% funded by employers and this bill leverages the UI system against them. It requires a small business that is impacted by a strike to pay higher UI taxes so their striking workers get benefits and require all small businesses to pay for labor disputes in which they have no involvement.
- 3) Multiple states have rejected attempts to expand unemployment insurance benefits to all striking workers, including California just last year. Governor Gavin Newsom cited the financial impact to the state's UI Trust Fund as a major reason for vetoing the proposal.
- 4) The bill punishes all employers with higher costs when replacement workers are hired – *including on a temporary basis* – to keep a business going. Again, all employers are punished for the of employers and employees that are engaged in a voluntary labor dispute.

We strongly urge the committee to reject HF 3446-SF3588, which is completely at odds with sound financial management and the longstanding principles that govern the UI system.

Sincerely,

A handwritten signature in dark ink, appearing to read 'JL Reynolds', with a stylized, cursive flourish.

John L. Reynolds  
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National Federation of Independent Business  
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