April 16, 2024

Dear Members of the Senate Jobs and Economic Development Committee:

On behalf of the Minnesota Chamber of Commerce, thank you for the opportunity to comment on SF 5430 (Sen. Mann), legislation seeking to modify the paid family and medical leave mandate imposed 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.

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 work to mitigate the burdens of the onerous compliance requirements.

While SF 5430 includes some helpful modifications (Secs. 16, 17, 18, 22, 26), it does not alleviate many of the concerns we highlighted and in fact creates additional confusion, burdens, and requires further rulemaking. To highlight a few of the problematic sections: Sec 10. Expands an already overly broad definition of family member; Sec. 14: Removes language requiring the Minnesota Department of Employment Economic Development (DEED) to notify an applicant and employer(s) when an application is submitted, and financial eligibility is determined; Sec. 23: Removes the 480-hour cap on intermittent leave within a 12-month period; Sec. 25: Modifies reinstatement requirements but with an unworkable standard; Secs. 38 and 48: Replaces the existing complex small business PFML payroll tax rate provisions with another cumbersome and confusing process and changes the eligibility for which small businesses will qualify for the Small Employer Assistance Grants; and Sec. 41: Pushes back the annual PFML payroll tax rate adjustment to November 15 each year, which is too late in the calendar year for employers to plan for.

With regard to the language relating private plans (Secs. 27-36), we appreciate the stated intent by DEED that the department work will continue through the next year to refine these provisions and ensure the ability of Minnesota employers to meet their obligations under this new law through the substitution of a private plan that provides paid family, paid medical, or paid family and medical benefits. We look forward to contributing positively to that process.

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. 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 of the legislation that was passed in 2023.

In that context, while we appreciate that some clarifications are included in the underlying bill, we believe that balanced employment-related policy benefits both employers and workers as well as taxpayers while enabling our economy to grow. It is for these reasons the Chamber encourages members to pursue the helpful clarifications contained in SF 5430 along with policy changes that the business community has advocated for before and after enactment found in SF 3874 (Sen. Coleman).

Sincerely
Lauryn Schothorst
Director, Workplace Management and Workforce Development Policy