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April 9, 2024

**Senate File 4483 (Oumou Verbeten)**

Dear Chair Rest and Senate Taxes Committee Members,

The National Federation of Independent Business (NFIB) represents more than 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 appreciates the opportunity to outline a few of our concerns with SF 4483. Our members want a fair and level playing field and support more consistent, tougher enforcement against those who deliberately misclassify workers to avoid taxes and other obligations. However, small business owners oppose new restrictions and additional complexity when it comes to working as or with an independent contractor.

**Penalties.** This bill repeats the same mistake of other recent employment and classification regulations by treating honest mistakes the same as intentional and deliberate violations.

Individual liability should be reserved for severe violations, such as willful or repeat offenses, especially given this section also allows a long-term ban on working in a person's field.

**Tax Return Privacy:** The revised construction classification test requires the disclosure and retention of sensitive tax information that needlessly jeopardizes privacy and security.

**Successor Entity.** The definition of successor entity differs significantly from how other areas of law determine a successor in business. For instance, Sec. 270C.57 addresses successor liability for tax purposes in a clearer manner that prevents both evasion and unintended harm. That section also protects lienholders and other creditors who are not involved in wrongdoing in important ways that are unaddressed in this bill.

**Intergovernmental Partnership.** NFIB members support more consistent and fairer enforcement, but this section lacks clear direction to improve training for state employees engaged in misclassification investigation and enforcement. Our members report inconsistent treatment and direction among and within state agencies on classification. We also share concerns that this new entity lacks transparency and accountability.

Sincerely,

A handwritten signature in blue ink, appearing to read "John L. Reynolds".

John L. Reynolds  
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National Federation of Independent Business  
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