

Letters for HF3878 (Berg)

March 10, 2026

Dear Chair and Members of the Committee,

We write to express our support for HF 3878 and SF 4060, which would establish fair wage and benefit standards for airport service workers at the Minneapolis–Saint Paul International Airport.

Airport service workers keep MSP operating every day. They clean terminals, maintain safe facilities, prepare food, and assist travelers. Their work is essential to the airport's operations and to the region's economy.

Despite the critical role these workers play, many continue to face stagnant wages, rising living costs, and difficulty accessing affordable healthcare.

HF 3878 and SF 4060 would ensure that employers operating at MSP meet clear wage and health and welfare benefit standards, with regular updates aligned with federal benchmarks. Similar policies have been adopted at airports across the country to help maintain a stable workforce and prevent a race to the bottom in airport contracting.

As MSP continues to grow and serve millions of travelers each year, it is important that the workforce that keeps the airport running is supported by fair wages and meaningful benefits.

Thank you for your consideration.

Sincerely,

ISAIAH

Minnesota 50501

SEIU - Local 26

Unite Here - Local 17



Background

Airport service workers — largely Black, brown, and immigrant Minnesotans — keep the Minneapolis–Saint Paul International Airport (MSP) running every day. They clean terminals, secure facilities, prepare food, and assist passengers. MSP’s national reputation is built on their labor.

During the pandemic, these workers stepped up and risked their health to keep MSP operational. Today, the communities that power MSP have been under attack while wages are stagnant and workers cannot afford healthcare.

The air transportation industry receives billions in public support. Public investment must result in good jobs, not poverty-level wages or the risk of being abducted from work.

Workers with valid work authorization — legally present and working at MSP — have been detained by ICE while on the job. Fear was spread across the airport workforce during Operation Metro Surge.

Despite the essential role these workers play:

- Wages have remained stagnant.
- Healthcare remains unaffordable for too many workers.
- Rising housing and living costs continue to climb.
- Immigrant communities that power MSP have endured horrific enforcement actions and fear

We cannot celebrate airport expansion, economic growth, public investment and national accolades while the workforce that makes MSP function is in crisis.

SF4060/HF3878

Senate File 4060/House File 3878 establishes a wage plus health and welfare benefit floor tied to federal McNamara-O’Hara Service Contract Act (SCA) standards.

Airports across the country have adopted similar policies to ensure stability and prevent a race to the bottom in contracting.

This bill will:

- Require covered airport employers to pay a wage plus supplemental health and welfare benefits tied to federal standards.
- Ensure annual updates to the benefit rate.



- Provide enforcement authority and penalties for violations.
- Promote conditions for a stable and retained workforce at MSP.

Why This Matters

If MSP is thriving, the immigrant workforce that powers it must be able to thrive too. Increased wages are not a bonus — they are necessary to retain the experienced, hard-working immigrant workforce that makes MSP run.

The Legislature should ensure that the entities who do business at and with the MSP are helping to keep it one of the best airports in the country and a benefit to the public. That requires investment in the workers who make that possible with wage standards and meaningful benefits.



House Workforce, Labor and Economic Development Finance and Policy Committee
 Minnesota House of Representatives
 Saint Paul, MN 55103

March 10, 2026

Re: Coalition opposition to HF 3878

Dear CoChair Pinto, CoChair Baker and Members:

On behalf of our organizations, which collectively represent tens of thousands of Minnesota businesses of all sizes across not only the state, but the Twin Cities metro, we respectfully ask you to **oppose HF 3878**.

Our members represent a variety of businesses including many small retailers, restaurants, and service providers at not only the Minneapolis-Saint Paul International airport (MSP), but the six general aviation airports owned by the Metropolitan Airport Commission (MAC), which include: Airlake Airport (Lakeville), Anoka County-Blaine, Crystal Airport, Flying Cloud Airport (Eden Prairie), Lake Elmo Airport, and St. Paul Downtown Airport (Holman Field). Additionally, we are concerned this legislation extends to independent businesses operating on MAC property – such as gas stations or hotels located near the premises.

While we share the same goal of supporting workers and maintaining a strong workforce, HF 3878 would put in place a new mandated wage structure that would significantly increase costs and add regulatory complexity to businesses serving these seven airports. We are concerned these costs will disproportionately affect small businesses and locally franchised operators that make up a significant portion of airport concessions, retail and services. Many of these businesses operate on narrow margins while facing high rent, staffing challenges, and fluctuating travel demand – all while being price capped to street price plus fifteen percent.

MSP is one of Minnesota’s most important economic assets, serving millions of travelers each year, supporting thousands of jobs and winning best in class awards. Policies that significantly increase the costs for small businesses operating at or near the airport ultimately reduces competitiveness and creates barriers. Our employers remain committed to offering competitive wages and benefits to attract and retain workers.

Respectfully, we ask you to oppose HF 3878, as it presents a complex wage mandate on businesses across the Twin Cities metro region. Thank you for your consideration.

Sincerely,

Hospitality Minnesota
 Lakeville Chamber of Commerce & Tourism
 Minneapolis Regional Chamber
 Minnesota Business Partnership

Minnesota Chamber of Commerce
 Minnesota Retailers
 St. Paul Area Chamber



STATEMENT FOR THE RECORD

HF3878 (Berg) – Quality Service Wage for Covered Airport Workers

Submitted to: House Workforce, Labor, and Economic Development Finance and Policy Committee

Submitted by: Hospitality Minnesota Public Policy Committee

Hearing Date: March 11, 2026

Hospality Minnesota Position

While we share the goal of ensuring Minnesota’s hospitality workforce is fairly compensated, Hospitality Minnesota respectfully opposes HF3878 as drafted because it creates a duplicative wage framework, imports an inapplicable federal contracting standard into Minnesota’s restaurant industry, and risks undermining the locally driven concession model that has made MSP one of the nation’s top-rated airports.

Background: MSP’s Unique Concessions Model

MSP’s concessions program is not a generic airport food court. It is a deliberate, award-winning showcase of Minnesota’s hospitality industry. MSP has earned the No. 1 ranking among North American mega airports from J.D. Power, and a significant part of that distinction comes from its commitment to featuring Minnesota-born restaurants and homegrown hospitality talent.

The restaurants most at risk from this legislation are not large corporations. They are Minnesota businesses with deep community roots, including:

- **Crisp & Green**-- a Twin Cities-born healthy fast casual concept with locations across the metro
- **Bottle Rocket** -- which is part of Blue Plate Restaurant group
- **Blue Door Pub**-- the Minneapolis and St. Paul neighborhood pub known for its iconic Juicy Blucy
- **Hi-Lo Diner**-- the Longfellow neighborhood retro diner that brings an authentic East Lake Street experience to travelers
- **Red Cow** --a Twin Cities burger institution with multiple metro locations
- **Angel Food Bakery**-- a St. Louis Park bakery opening at 4 a.m. to send travelers off right
- **Holy Land Deli** --a Minneapolis institution representing Minnesota’s diverse food culture
- **Donut Trap** --a St. Paul doughnut maker operating innovatively through an airport vending concept
- **Stone Arch** -- a full-service bar exclusively featuring Minnesota craft brewers, keeping local brewing on center stage for millions of annual passengers

These are not abstract business entities; they are Minnesota employers—many of whom operate restaurants in communities around the state. When this bill creates untenable cost structures at the airport, it doesn’t just close a concession stand — it jeopardizes the financial health of businesses that Minnesotans visit every week in their own neighborhoods.

KEY POLICY CONSIDERATIONS

1. MAC’s Existing Framework Already Protects Airport Workers

Airport workers at MSP are already covered by Minnesota’s minimum wage law and by the Metropolitan Airports Commission’s (MAC) own wage requirements, embedded directly into concession contracts and licensing agreements. The MAC has both the authority and the incentive to ensure competitive wages — it has a direct stake in attracting quality operators and satisfied employees who deliver the top-rated passenger experience MSP is known for.

This bill doesn't fill a gap. It creates a third, separately administered wage structure on top of systems that are already working. Minnesota does not need three overlapping wage frameworks governing the same workers in the same terminal.

2. The Federal SCA Benchmark Has No Business in a Local Minnesota Restaurant

The McNamara-O'Hara Service Contract Act was designed for federal government service contracts — building maintenance, security, and custodial work on federal property. It is a procurement tool for the federal government, not a wage-setting framework for a line cook at a Minnesota restaurant or a barista serving Caribou Coffee.

Importing federal service contracting benchmarks into the commercial food service context is a fundamental category error. These wage determinations do not reflect the market dynamics of Minnesota's restaurant industry, the cost structures of airport concession agreements, or the realities facing small and mid-size operators. Applying a federal government contractor standard to a Hi-Lo Diner breakfast shift is the wrong tool for the job.

3. Automatic Annual Escalation Undermines Minnesota Businesses' Ability to Plan

Every July 1, without a legislative vote, without an economic impact review, and without any input from the businesses affected, the QSW would automatically adjust based on federal administrative determinations. Minnesota restaurant operators — many of whom have signed 10-year concession agreements with MAC — entered those contracts with financial models built on predictable cost structures.

An open-ended, automatically escalating wage mandate with no ceiling and no legislative accountability removes the ability of Minnesota business owners to plan, budget, and invest. Responsible wage policy is transparent and predictable. This bill offers neither.

4. The Bill's Reach Extends to Minnesota Businesses Well Beyond the Airport

The legislation captures any business preparing or delivering food for consumption on departing flights, regardless of where that business is physically located. Minnesota catering companies, food manufacturers, and commercial kitchens with airport contracts — many located throughout the metro and greater Minnesota — could find themselves subject to airport-specific wage mandates with no corresponding benefit, simply because a portion of their production ends up on a departing plane.

This overreach creates serious compliance uncertainty for Minnesota businesses that serve multiple clients and cannot easily separate airport-related labor hours from their broader operations. The compliance burden falls disproportionately on smaller, independent operators — the kinds of Minnesota businesses our airport program was designed to support.

5. The Penalty Structure Threatens the Local Operators Who Make MSP Special

Fines of \$1,000 to \$10,000 per violation are significant penalties for any business, but they are especially punishing for the independent and locally-owned concessionaires that give MSP its distinctive character. Without clear regulatory guidance on what constitutes a single "violation" — per employee? Per pay period? Per location? — Minnesota operators face enormous legal exposure before the first regulatory determination is even issued. Heavy penalties don't deter large national chains. They deter the local operators who take risks to bring their Minnesota concepts to the airport — and they will deter future operators from making those investments at all.

6. Timing Could Not Be Worse for Minnesota's Hospitality Industry

Minnesota's hospitality industry is currently navigating one of the most challenging operating environments

in recent memory. Federal immigration enforcement activities have caused revenue declines of 40 to 80 percent for many of our members since January 2026. Labor is already the industry's largest single expense. Introducing a new, automatically escalating wage mandate in this environment — without economic analysis, without transition support, and without any mechanism for relief — is not sound policy. It is additional weight placed on businesses that are already struggling to keep their doors open and Minnesotans employed.

LONGTERM UNINTENDED CONSEQUENCES

- **Local concepts give way to national chains.**

The independent Minnesota restaurants that give MSP its distinctive identity operate on thinner margins than large national brands. When cost structures become unmanageable, MAC concession agreements will increasingly favor operators with the financial scale to absorb escalating mandates. The result is less Blue Door Pub, less Northern Soul, less Holy Land — and more of the generic airport food experience that MSP has worked hard to avoid.

- **Fewer jobs and reduced hours.**

Operators facing mandatory cost increases with no corresponding revenue mechanism will reduce staff hours, consolidate positions, or accelerate technology-based ordering solutions. The workers this bill intends to help may find themselves with fewer opportunities, not more.

- **Higher prices for Minnesota travelers.**

MSP's price parity requirements constrain what operators can charge relative to street prices. When costs rise without a revenue relief valve, the impossible equation ultimately resolves through either higher consumer prices — affecting every Minnesotan and visitor passing through the airport — or through operator failure.

- **A chilling effect on the \$263 million Terminal 2 investment.**

MAC is in the middle of its most significant concessions redevelopment in a decade, a \$263 million expansion of Terminal 2 designed to bring new local operators and concepts to that terminal. Prospective operators evaluating those opportunities will factor this mandate directly into their financial models. Some will walk away. The long-term result is a diminished concession program, reduced local representation, and a less competitive airport for a state that has worked hard to earn its top-rated status.

HOSPITALITY MINNESOTA'S POSITION

We urge the Legislature to oppose this bill in its current form. We stand ready to work with legislators, MAC, and labor stakeholders on an approach that:

- Respects MAC's existing contract framework as the appropriate and accountable mechanism for setting airport wage standards
- Requires an independent economic impact analysis before any new airport-specific wage mandate is considered, with particular attention to effects on local and independent operators
- Uses a wage benchmark tied to Minnesota's commercial food service market, not a federal procurement standard designed for government service contracts
- Builds in legislative transparency and oversight for any annual adjustments, rather than delegating rate-setting to a federal administrative process that Minnesota businesses cannot influence or forecast
- Clarifies geographic scope to prevent unintended capture of Minnesota businesses with only indirect connections to airport food service

CONCLUSION

MSP's restaurants are not just a traveler amenity — they are a living demonstration of Minnesota's hospitality culture. Caribou Coffee. Blue Door Pub. Crisp & Green. Hi-Lo Diner. Northern Soul. These are Minnesota names, Minnesota businesses, and Minnesota jobs. They represent the investment that local operators have made — often at significant financial risk — to bring their community's food story to one of the busiest airports in the nation. Minnesota's Legislature should protect that investment, not undermine it with a federally indexed wage mandate designed for a completely different industry context.

Hospitality Minnesota is committed to a policy environment where airport workers are valued and airport operators can thrive — and we believe that outcome is achievable without this bill.

For more information, contact:

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March 10, 2026

The Honorable Dave Baker and Dave Pinto
Co-Chairs
House Workforce, Labor and Economic Development Finance and Policy Committee
585 State Office Building
St. Paul, MN 55155

Re: HF 3878

Dear Co-Chairs Baker and Pinto:

We write in strong opposition to HF 3878 / SF 4060 (referred to herein as HF 3878) on behalf of our client Airlines for America (A4A). The proposed legislation as written is significantly out-of-step with other minimum wage statutes. It wrongly considers national fringe benefits rates. It is also preempted by federal law. HF 3878 would significantly increase operating costs at Metropolitan Airports Commission (MAC) airports, putting these airports at a competitive disadvantage versus peer hubs and other airports. HF 3878 is further unnecessary because MAC tenants already provide competitive wages and benefits to their employees, and the proposed legislation would take away the freedom of MAC tenants to develop their own compensation models that meet the needs of their employees. A4A believes the MN House Workforce, Labor and Economic Development Finance and Policy Committee should not move this legislative proposal forward.

A4A Members' MSP Operations

A4A is the principal trade and service organization of the leading U.S airlines. Its members and affiliates, which include the majority of the airlines that serve Minneapolis/St. Paul International Airport (MSP) such as Southwest Airlines, United Airlines, American Airlines, Alaska Airlines, Delta Air Lines, JetBlue Airways, FedEx, and UPS among others. A4A members and their marketing partners account for more than 90% of the passenger and cargo traffic that United States-scheduled airlines carry annually. A4A member airlines account for 87% of the total market share at MSP. Together, A4A members employ thousands of employees at MSP. A4A is thus well positioned to provide information on the impact of laws and regulations on airline workers at MAC airports like MSP.

Proposed Minnesota Healthy Terminals Legislation, HF 3878 / SF 4060

The proposed legislation applies only to employers operating at and employees working at MAC airports. HF 3878 applies equally to full-time and part-time employees. Under the proposed bill, all employers must provide a "Quality Service Wage" (QSW) that appears to require "stacking" of three components: (a) the applicable minimum wage rate established by or through MAC, (b) the wages or supplements equal to the rate for health and welfare for all occupations based on the

McNamara-O'Hara Service Contract Act (SCA) for the geographic region covering the covered airport, and (c) the local guard SCA wage determination. See HF 3878 at Lines 3:1-3:17. HF 3878 imposes a penalty on covered employers of between \$1,000 and \$10,000 per violation. See HF 3878 at Lines 3:26-3:28.

HF 3878 Is Unnecessary And Significantly Out-Of-Line With Other Minimum Wages

Many of the MSP workers are A4A members' employees who already receive generous wages, in many cases more generous than those found in other industries in Minnesota that are not included in this proposed legislation. There is no need to increase A4A member employees' wages, and certainly not to the extent proposed in HF 3878. The proposed legislation unnecessarily creates a much higher minimum wage rate than the rest of Minnesota. MSP already faces a higher wage rate than the rest of the State. HF 3878 treats employers operating at MAC airports differently than any other private employer in the State and there is no reason to treat airport employers differently.

MSP in particular will be susceptible to adverse outcomes as a result of HF 3878. The airport competes directly with other major hub airports in the Midwest and across the country, and no competing hub airport imposes similar minimum wage rates. HF 3878 would make MSP a cost outlier. MSP relies heavily on connecting passengers to make both domestic and international routes work. The proposed legislation would thus make MSP an even more expensive airport at which to operate and thus less competitive. HF 3878 would drive airlines to connect passengers through other hubs, reducing choices for customers and jobs at MSP.

Additionally, fewer concessionaires are not bidding on programs at MSP due to existing mandates and requirements. HF 3878 will make this situation worse. This is particularly true for Airports Concessions Disadvantaged Business Enterprise program employers.

HF 3878 is not needed given that MAC tenants already pay wages above the State minimum wage. In many cases MAC tenants, particularly A4A members, offer much higher wages. HF 3878 has no real upside and the potential for significant downside, as highlighted above.

Additional Health Insurance Relief Is Unnecessary And Regardless HF 3878 Inappropriately Considers The SCA Fringe Benefit Rate

Even beyond the wage rate, all A4A carriers already offer generous health insurance to their employees. There is simply no need for the SCA fringe benefit component of the QSW.

It is also inappropriate to graft a national rate like the SCA fringe benefit rate onto the operations of certain business sectors, at certain airports, in a single state, especially when the rate does not apply to other industries or sectors within the same state. The SCA "minimum rate for ... benefits, such as insurance, pension, etc. ... [is] based upon the sum of the benefits contained in the U.S. Bureau of Labor Statistics, Employment Cost Index (ECI), for all employees in private industry, nationwide (and excluding ECI components for supplemental pay, such as shift differential, which are considered wages rather than fringe benefits under SCA). 29 CFR 4.52(a); see also All Agency Memorandum ("AAM") No. 243 ("[T]his benefit rate is derived from the latest Bureau of Labor Statistics Employment Cost Index summary of Employer Cost for Employee Compensation."). Because of this, the SCA rate is much higher than the value of average single-coverage health insurance plans throughout the United States.

The ADA Preempts HF 3878

The Airline Deregulation Act (ADA) prohibits the enactment and enforcement of state laws “related to a price, route, or service of an air carrier.” 49 U.S.C. § 41713(b)(1). Congress included this “broad” express preemption provision to promote efficiency and to avoid “regulatory patchwork[s],” *Rowe v. N.H. Motor Transp. Ass’n*, 552 U.S. 364, 373 (2008), and to prevent states from “undo[ing] federal deregulation with regulation of their own,” *Morales v. Trans World Airlines, Inc.*, 504 U.S. 374, 378, 383-84 (1992). The breadth of this provision is reflected in the ADA’s “related to” language. It preempts any state law “having a connection” with air carrier “prices, routes, and services.” *Rowe*, 552 U.S. at 370-71 (quotations omitted); see also *Ferrell v. Air EVAC EMS, Inc.*, 900 F.3d 602, 605 (8th Cir. 2018) (describing the ADA’s preemptive force). That connection need not be direct, *id.*, and it is not necessary that the state law “actually prescribe[] rates, routes, or services,” *Morales*, 504 U.S. at 385. Rather, the ADA preempts a state law if the claim “serves as a means to guide and police the practices of the airlines rather than simply giving effect to bargains offered by the airlines and accepted by airline customers.” *LaBeau and Ma Florentina Busso LaBeau v. MN Airlines, LLC*, No. 18-cv-3216 (WMW) (LIB) (D.Minn. Jan. 14, 2020) (finding state law negligence claim preempted by the ADA) (citing *Benedetto v. Delta Air Lines, Inc.*, 917 F.Supp.2d 976, 981-82 (D.S.D. 2013)).

HF 3878 would affect airline services in a manner prohibited by the ADA. By increasing the relative cost of employment, MSP employers will need to do more with less—meaning a headcount reduction is an almost certain outcome of cost increases due to the HF 3878. Headcount reduction will lead to longer lines and waiting times for passenger assistance, aircraft and ground service equipment maintenance, baggage loading and unloading, etc. The ADA preempts laws that lead to such reduced staffing because these laws affect airline services. See, e.g., *Brindle v. R.I. Dep’t of Labor & Training*, 211 A.3d 930 (R.I. 2019) (overtime law that would cause air carriers to staff flights with fewer employees was preempted by the ADA because it affected services and service levels), *cert denied*, 140 S.Ct. 908 (2020).

ADA preemption of laws like HF 3878 was made apparent through a lawsuit brought by A4A against Massachusetts for its paid sick leave law. In *Air Transp. Ass’n of Am., Inc. v. Campbell*, No. 18-cv-10651 (ADB), 2023 WL 3773743 (D.Mass. June 2, 2023), the United States District Court for the District of Massachusetts analyzed whether the ADA preempted the Massachusetts Earned Sick Time Law (MESTL). The MESTL purported to expand the reasons airline employees could take leave, prohibited airlines from assessing employee points for an absence, and limited when airlines could require their employees to provide a doctor’s note when they call out sick. The district court credited data provided by the airlines confirming that when MESTL was available to airline employees, the sick rates were higher (sometimes almost double) than the system average, negatively impacting airline services due to reduced headcount on any given day. The district court concluded that as applied to the airlines’ pilots, flight attendants, and ground-based employees, the ADA preempted the MESTL in its entirety by the ADA. HF 3878 will meet a similar fate because it will necessarily lead to reduced headcount and, therefore, reduced airline services.

HF 3878 is too new for A4A to have effectively studied its cost implications in any detail. It is very possible, however, that HF 3878, if enacted, would increase airline ticket prices and decrease routes at MSP. This is because HF 3878 is potentially very expensive for employers, possibly requiring them to invest substantially more money per full-time employee at MSP. Carriers may have no choice but to pass on these cost increases to consumers or to reduce flights into or out of MSP, for

example. The ADA preempts such laws. *See, e.g., Blackwell v. SkyWest Airlines, Inc.*, No. 06-cv-00307 (DMS) (AJB), 2008 WL 5103195, at *18 (S.D. Cal. Dec. 3, 2008).

In sum, it is apparent HF 3878 is seeking to regulate the aviation industry. It applies only at MAC airports. We raise this not to suggest that other Minnesota employers and their employees should be covered by HF 3878. Instead, we raise it to point out that HF 3878 is clearly regulation directed at the aviation industry in violation of the ADA.

Conclusion

The proposed bill is unnecessary in light of the already generous wages and benefits provided to A4A member employees, inappropriately uses the SCA to calculate fringe benefits rates, and is preempted by federal law. It will create significant downside at MAC airports, especially at MSP.

Very Truly Yours,

SEYFARTH SHAW LLP

s/ Molly Gabel
Partner

s/ Ben Conley
Partner

Counsel for Airlines for America

cc: Riva Parker, Vice President & Deputy General Counsel, Litigation, Labor & Employment
(by email)

Tyler Cumbo, Managing Director & Assistant General Counsel, Litigation (by email)



March 10, 2026

Co-chairs Pinto, Baker and members of the House Workforce and Labor committee:

We write to express our support for HF 3878 and SF 4060, which would establish fair wage and benefit standards for airport service workers at the Minneapolis–Saint Paul International Airport.

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Despite the critical role these workers play, many continue to face stagnant wages, rising living costs, and difficulty accessing affordable healthcare.

HF 3878 and SF 4060 would ensure that employers operating at MSP meet clear wage and health and welfare benefit standards, with regular updates aligned with federal benchmarks. Similar policies have been adopted at airports across the country to help maintain a stable workforce and prevent a race to the bottom in airport contracting.

As MSP continues to grow and serve millions of travelers each year, it is important that the workforce that keeps the airport running is supported by fair wages and meaningful benefits. Thank you for your consideration.

Best regards,

Melissa Hysing

Melissa Hysing
Legislative Director

