



January 17, 2023

The Honorable Michael Nelson, Chair  
House Labor and Industry Finance and Policy  
585 State Office Building  
St. Paul, MN 55155

The Honorable Joe McDonald, Republican Lead  
House Labor and Industry Finance and Policy  
241 State Office Building  
St. Paul, MN 55155

Dear Chair Nelson, Republican Lead McDonald and Members of the Committee:

At Hospitality Minnesota, we support industry best practices and achieving the goals of a healthy workforce through policies that help hospitality employees maintain their income when they miss work due to illness. We appreciate the opportunity to weigh in on our shared goal while considering the impacts of earned sick and safe time on Minnesota's hospitality businesses.

Hospitality Minnesota supports allowing small businesses to maintain flexibility in providing competitive benefits to employees. While we believe the goal of providing the best possible benefits to all workers – including safe and sick time – is laudable, a one-size-fits-all mandate does not work for our small business operators across Minnesota due to the vast differences in hospitality business models.

We believe that allowing small businesses to maintain flexibility in providing paid leave benefits to employees is critical given the numerous operational differences in hospitality businesses. A few examples for consideration include:

- Some entities have sharp seasonal peaks and make extensive use of part-time, seasonal and international workers.
- Some businesses employ high school and college-aged students working part time. They also employ adults full time to support themselves, and adults working one or two shifts per week to earn extra spending money.
- It is common practice for hospitality employees to trade shifts when an illness or other reasons keeps them from working their scheduled shift.
- The majority of employers have standard protocols and best practices in place to appropriately address worker illness situations and the need for flexibility to staff their operation on short notice.

As drafted, HF19 defines an employee to include “temporary and part-time employees, who performs work for at least 80 hours in a year for that employer in Minnesota.” This would place a significant burden on small hospitality businesses throughout Minnesota, especially those who rely on seasonal or part-time employees including those that employ youth workers. To date, only 13 states and Washington DC have put in place earned safe and sick laws and of those states, only half require all employers to provide safe and sick leave. For example, Michigan and Connecticut require private employers with 50 or more employees to provide coverage; Massachusetts requires private employers with 11 or more employees to provide coverage. The states with varying employee requirements from 11 – 50 give small business greater flexibility.

Additionally, HF19 does not require that employees complete a probationary period before being eligible, nor does it specify a minimum number of hours a week that must be worked to qualify or a provision to opt-out youth workers. As written, HF19 allows for a maximum of 48 hours of earned safe and sick time in a year, which would be unprecedented at the state level as no other state offers a policy with more than a maximum of 40 hours. We encourage you to reexamine these provisions to be better aligned with programs that have already been put in place.

Furthermore, as the hospitality industry works to dig out of debt and return to normal levels of business following COVID closures – rising costs due to inflation, supply chains issues and workforce challenges have put additional constraints on what continues to be a fragile recovery. Many hospitality businesses are short staffed and operate on very thin margins (2 – 5%), so adding another financial and administrative burden is significant and something many simply cannot afford to do.

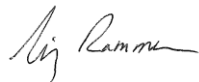
Survey data from Hospitality Minnesota, Explore Minnesota Tourism and the Federal Reserve Bank of Minneapolis found that due to COVID:

- 66% of restaurants took on debt averaging \$552,659.
- 55% of hotels took on debt averaging \$723,685.

The cumulative effect of COVID has made it much more difficult for hospitality businesses to remain viable. While many hospitality businesses already provide paid sick leave, rising wages due to the workforce shortage and other cost increases make providing benefits to employees an economic challenge.

We support industry best practices and achieving the goals of a healthy workforce through policies that help hospitality employees maintain their income when they miss work due to illness. We appreciate the opportunity to weigh in on our shared goal while considering the impacts of earned sick and safe time on Minnesota's hospitality businesses. We look forward to working with you to craft a policy that is flexible for various types of business models and commit to serving as a resource for you. Please don't hesitate to call on us if we can provide any additional information.

Sincerely,



Liz Rammer, President & CEO  
Hospitality Minnesota