



180 5th St. E. Ste. 260
St. Paul, MN 55101

651-293-1283
NFIB.com/MN
Twitter: @NFIB_MN

March 14, 2022

House File 4177 (Ecklund)

Dear Chair Ecklund and Members of the House Labor, Industry and Veterans Committee,

The National Federation of Independent Business (NFIB) is the largest small business organization in Minnesota, with over 10,000 members in every corner of the state. Over 75% of our members have fewer than 10 employees and our mission is to advocate for Main Street.

NFIB opposes the new paid leave mandate in House File 4177. At a time when small employers are facing unprecedented challenges – record inflation, chronic worker shortages, supply chain disruptions, skyrocketing energy costs, sales well below pre-pandemic levels – it is unfathomable that lawmakers in St. Paul want to add another burdensome mandate on Main Street.

HF 4177's paid leave mandate upends existing employment arrangements for small businesses across Minnesota by failing to account for flexible work arrangements, part time employment and other employment relationships that benefit both small employers and their employees.

[An NFIB study](#) of a similar paid leave mandate proposal in Colorado found that it would cost over 14,000 jobs and decrease real output by nearly \$6 billion in the first five years, about half of which would be borne by small employers.¹

One size fits all mandates simply don't work for small businesses. In addition to the mandate, HF 4177 includes onerous new paperwork requirements and staggering 900% penalty increases.

Even in the face of a pandemic, employees express high rates of satisfaction with existing benefits and pay. According to the [Employee Benefits Research Institute \(EBRI\), in 2020](#):²

- 77% of employees are offered paid vacation and 66% are offered paid sick time
- 61% of employees view their paid time off and leave benefits as excellent or very good
- 74% of employees trust their employer to help improve their overall well-being
- More employees would rather have less paid leave and higher wages (25%) than would want more paid leave and lower wages (17%)

¹ Chow, Michael, "Effects of a Paid Sick and Safe Time Mandate on Colorado Small Businesses," NFIB Research Foundation, August 2011.

² Employee Benefits Research Institute, "2021 Workplace Wellness Survey," https://www.ebri.org/docs/default-source/wbs/wws-2021/2021-workplace-wellness-short-report.pdf?sfvrsn=c4553b2f_6, accessed 3/14/2022.

EBRI's findings are consistent with a [2016 NFIB report](#), which noted that 74% of small employers offer paid time off and 77% offer paid vacation.³

Finally, this mandate is particularly insulting given the Minnesota House of Representatives' refusal to pass bipartisan Unemployment Insurance (UI) tax relief. Small businesses who made it to the other side of the pandemic now face a decade of double- and triple-digit UI tax increases.

Despite overwhelming support in the Minnesota Senate, the support of Governor Walz, and the bipartisan example set by 30 other states who've already taken action, leaders in the Minnesota House continue to play partisan games with the lives and livelihoods of small businesses.

Please reject the new mandate, red tape, and penalties on small employers in HF 4177. Instead, help struggling Main Street businesses with UI tax relief today.

Sincerely,



John L. Reynolds
Minnesota State Director
National Federal of Independent Business
john.reynolds@nfib.org
(651) 293-1283

³ Wade, Chow, "NFIB National Small Business Poll," NFIB Research Center, Volume 13, Issue 4 (2016), [NFIB SBP Emp-Compensation2017_v2.pdf \(411sbfacts.com\)](#), accessed 3/14/2022