



380 St. Peter St. Ste. 750
St. Paul, MN 55101

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

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Senate File 3852 (Labor Policy Omnibus)

Dear Chair McEwen, Chair Nelson, and SF 3852 Conference Committee Members,

The National Federation of Independent Business (NFIB) represents over 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.

Thank you for the opportunity to comment on the Labor Policy Omnibus Bill. Respectfully, we hope the conference committee will take modest steps to mitigate the impact of certain provisions on small employers, customers, and workers.

First, this bill eliminates several longstanding starting wage levels that allow small business owners to take more chances on young and less skilled workers. As a result, some small employers will experience a 23% increase in the starting wage rate next year. The bill also doubles the annual cap on the minimum wage inflationary index at a time when labor costs are the single biggest problem for more than ten percent of small business owners.

When starting wage rates increase in an unsustainable fashion, employment opportunities go down. We urge you to phase out the small business wage rate over three years instead of forcing very small employers to face a staggering 23% increase in just seven months.

Second, credit card processing fees are a significant expense for small businesses in retail, hospitality, and service industries where gratuities are common. Small businesses often face higher processing fees than larger competitors due to lower transaction volume.

When a gratuity is made electronically, the business acts as a facilitator for the payment of the gratuity. The business is, under current law, permitted to retain a percentage of the tip that is the same amount deducted by a credit card service company. This bill removes that ability and hides the financial impact of exorbitant credit card processing fees from customers and workers who will ultimately bear the cost in the form of higher prices or reduced wages.

We urge you to restore the longstanding and well-balanced language currently found in the second half of Minnesota Rule 5200.0080.

Sincerely,

A handwritten signature in black ink, appearing to read 'John L. Reynolds', is written above the typed name.

John L. Reynolds
Minnesota State Director
National Federation of Independent Business
john.reynolds@nfib.org