March 14, 2021

Dear Members of the House Ways and Means Committee:

On behalf of the Minnesota Chamber of Commerce, a statewide organization representing more than 6,300 businesses and more than half a million employees throughout Minnesota, thank you for the opportunity to share our opposition to HF 41 as amended by the DE3 Amendment (Rep. L. Olson). To reiterate the top message we've submitted on behalf of our members in previous testimony – Minnesota's employers, employees, and communities are counting on lawmakers to accelerate economic growth in 2022. HF 41 takes the opposite approach.

Minnesota businesses don't have the luxury of considering tax and labor policies, state spending, and regulatory decisions separately, in a vacuum. Employers – particularly our state's small and mid-sized businesses – are at risk of a multitude of paid leave mandates and workplace regulations in addition to proposals that increases their tax bill under various House proposals currently under consideration. This is in a state that is already considered a high tax, high cost-of-doing-business state.

With pandemic driven changes to work rules and conditions, state tax and cost burdens matter all the more. Minnesota employers provide employees with innovative and robust benefits promoting wellness and flexibility, building high morale, and attracting and retaining the best talent in a competitive marketplace while maintaining the ability to operate safely and manage a variety of workplaces across the state.

Employers currently must also adhere to a strict set of labor laws and workplace standards at all levels of government in order to maintain safe, healthy, respectful, and inclusive workplaces. Within the current regulatory regime, employers must have the autonomy to make staffing decisions and provide wages, benefits, and schedules that are appropriate for their workplace and responsive to workplace needs.

The paid sick and safe time provisions in HF 41 mandate that employers offer fully paid time off in a specific format, for an expanded set of familial persons, for an expanded list of qualifying events. The bill requires employers to maintain specific records, in a specific format – or risk significant fines and liabilities - for a set of benefits that a majority of employers are already offering their employees in some form.

This proposal is different than paid sick and safe time ordinances adopted in Minneapolis, St. Paul, and Duluth, further complicating compliance and increasing costs for businesses who operate in those locations as these local ordinances are not preempted, creating a scenario where employers would still be required to comply with a patchwork of sick and safe time mandates within Minnesota.

Cost, compliance and operational impacts of mandates such as the one being considered today put pressure on employers, especially small employers. Increased costs further limit resources available for employee compensation, job growth, and expansion in Minnesota.

In a time of economic recovery, the Chamber supports a "do no harm" approach that limits additional cost burdens and mandates on employers who are doing their best to keep their doors open and Minnesotans employed. We appreciate the opportunity to share our opposition to HF 41 with the committee.

Sincerely,

Lauryn Schothorst
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Minnesota Chamber of Commerce