



Re: HF 3597 – Exempting Certain Small Business Owners from Paid Leave

March 17, 2026

Chair Baker, Chair Pinto and Members of the MN House Workforce Committee:

ISAIAH was proud to co-chair the coalition that advocated for Paid Leave over the past 12 years. That is why we are writing in opposition to HF 3597, which would exempt certain individuals from the definition of covered employees.

As we've written before, few programs or policies in Minnesota have been as thoroughly studied, planned, researched, vetted, debated, discussed, deliberated and voted on as Paid Family and Medical Leave over the past 12 years. Now that the program has been fully launched, it would be a shame to begin excluding particular categories of employees from participating.

Small business owners have choices in how they structure their business. S-corp owners are not exempt from payroll taxes for federal safety net programs such as Social Security. They should not be exempt from Paid Leave for the same reasons nearly all other Minnesota employees are not exempt from Paid Leave.

The success of social insurance programs depends on keeping the pool of participants broad and the costs low. Carving out categories of individuals to exempt from Paid Leave could increase costs for everyone else and ultimately destabilize the program.

We respectfully urge you to oppose this bill.

Sincerely,

Lars Negstad, Policy Director