

May 11th, 2023

Conference Committee on House File 2
Minnesota State Capitol
75 Rev. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

RE: Minnesota House File 2 – Rochester Area Coalition Letter, 5/11/2023 Edition

Members of the Conference Committee for HF2,

Throughout the 2023 Legislative Session, the Rochester Area Chamber of Commerce along with a coalition of Rochester area businesses have been opposed to House File 2 as it is currently written. While there have been attempts to amend the legislation, significant work still needs to be done to ensure that the bill will not harm the business community. We message you prior to today's debate to reiterate our concerns and continued opposition to the Paid Family and Medical Leave legislation and to communicate the challenge it will present to the business community and workforce.

Over 80% of our 1,100 members, nearly 880 members, are classified as a small business, meaning they have under 20 employees. This legislation, if enacted, will disproportionality impact the small business community. As a business organization, the Rochester Chamber and the undersigned companies are opposed to House File 2 as it is currently written due to the adverse effects that it will have on the business community. This concern can be addressed by avoiding a one-size-fits-all approach.

This legislation would mandate a one-size-fits all, state administered program, of up to 12 weeks of paid family leave and up to 12 weeks of paid medical leave on the business community. In addition, these two paid leaves can be stacked, resulting in an employee missing up to a potential 24 weeks, nearly half a year, of work. The current workforce environment is strained, with talent attraction being a key struggle for employers. By passing this bill, businesses would be left with a temporary position to fill. With the state of labor market, this task would be nearly impossible to achieve, exacerbating employers who are already operating short staffed. Coupled with the paid sick and safe time act (HF19/SF34), the impact of the mandate will only be exacerbated. To address this issue, we call upon the legislature to review the existing legislation and cap the program at a maximum of 12 weeks.

Amidst increased inflation, under House File 2, Minnesota would impose yet another tax on the business community, which is still recovering from the COVID-19 pandemic, to fund this mandate. Employers would see a .7% increase to the payroll tax and employees may cover up to 50% of that tax. While other states work to address the workforce shortage through talent attraction and retention, Minnesota instead is adding yet another tax, reducing opportunities for staff and stifling business growth plans.

While not opposed to the idea, the legislation as it currently stands will harm both businesses and employees in the state of Minnesota. A one-size-fits-all approach without an opt-out is not in the best interest of the business community, especially our small businesses. Additional work must be done to amend this legislation to accommodate Minnesota's diverse business community.

We ask that the legislature consider these concerns of the business community. To address these issues, we ask for the following amendments to the legislation:

- Cap the program at a maximum of 12 weeks paid leave
- Match the definition of a “family member” to the existing definition in the federal Family and Medical Leave Act
- Amend the legislation to avoid a one-size fits all mandate

Significant work must be done on House File 2 to avoid placing another burden on Minnesota businesses. Given the implications of this bill amidst the challenges that our businesses currently face, we urge you to support the recommendations made above or pursue an alternative solution that increases access to affordable options while allowing employers and employees to choose what plan they see best.

Sincerely,

Rochester Area Chamber of Commerce

American Waterworks

Benike Construction

Bigelow Homes

Broadway Plaza

Carpet One of Rochester

Charlie’s Eatery & Pub

Custom Alarm

EPIC Endeavors Academy

Five West – Kitchen & Bar

Gauthier Industries

Great Planes Aviation

Hanny’s of Rochester

House Chevrolet Co.

Joe’s Auto & Tire

Meadow View Veterinary Clinic

Nuss Truck & Equipment

ONB Bank

Pace International

Paramark Real Estate Services

Powers Ventures

Renning’s Flowers

River Valley Power & Sport

Rochester Motor Cars

SMOAK BBQ

Sorellina’s Italian

Spa by Casey

Stewartville Animal Clinic

The Tap House

Titan Development & Investments

Victoria’s Ristorante & Wine Bar

Weller Brothers Landscaping

Wendland Utz