



April 17, 2023

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, we appreciate the opportunity to share our opposition to HF 2755, the Labor and Industry Finance Budget Bill, and the numerous provisions imposing unnecessary new workplace regulations, workforce restrictions, and increased bureaucracy, record keeping costs, and litigation risks on Minnesota industries, employers, and facilities.

It is important to note that our members across all industries are committed to safety. Not only is this commitment grounded in good business sense, many industries are highly regulated under very strong federal and state safety regulations. Minnesota businesses also 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, increased workplace regulations, and operational restrictions this session in addition to proposals that increase their tax bill under various proposals currently under consideration.

While we appreciate that bill authors worked with impacted industries and facilities to address significant scope and workability concerns throughout the legislative process, we are particularly troubled that instead of reducing costs or making it easier for Minnesota businesses to remain viable – let alone grow – HF 2755 takes the opposite approach. Separate from the direct cost impacts to employers, this bill requires millions of dollars in increased state spending to implement and enforce the numerous new provisions and standards when it has been clearly demonstrated that our regulating entities have trouble enforcing the full breadth of requirements and standards already in law.

With regard to Article 4 (HF 10; Rep. Lislegard; oil refineries), there is no specific safety incident or issue that this article is seeking to resolve. Nor is it clear where exactly Minnesota's laws and standards are deficient. We oppose the idea that the state would mandate a private sector business to use one particular workforce over the other. Our members utilize and employ both union and non-union workforces. High asset facilities in particular utilize and prioritize experience, training, and safety records in their hiring process. Furthermore, these provisions would change how these businesses work with their contractors who currently (and for decades) have operated safely and effectively in Minnesota. We support various apprenticeship programs that offer an important pathway for training skilled workers, but recognize that those programs are not the only pathway to job safety and skills. Restricting the labor force makes it harder to hire workers and could potentially discount workers with the highest safety records.

In addition to our fundamental and principled opposition to a proposal of this kind, these provisions are unworkable. There are a number of technical issues with how this article is drafted resulting in a number of unintended consequences. There are problems with how a "skilled and trained workforce" is defined to which classes of jobs are subject to these requirements. We are concerned about where there is currently a lack of an apprenticeship program, if a union cannot meet the employment needs of these facilities, and whether the bill will abrogate existing contracts. These issues, and others, make the proposed penalties all the more egregious.

With regard to Article 9, (HF 36; Rep. Greenman; warehouse distribution centers) these provisions are far reaching and touch Minnesota businesses of all industries. Agriculture, food manufacturing, beverage distribution, commercial real estate, retail, manufacturing, medicine and more all have significant warehouse

space, operations and partners that would be impacted. Adding unnecessary regulatory burdens to warehouses drive up costs and slow the movement of products, negatively impacting Minnesota's supply chain. Minnesota already has a full body of workplace safety standards, and Minnesota OSHA and the Minnesota Department of Labor and Industry have the responsibility of worker protection. There are already clear actions workers can take to file claims, and report concerns or unfair practices.

With regard to Article 8 (HF 23; Rep. Wolgamott; meat and poultry processing facilities), this article uniquely impacts Minnesota's meat and poultry processing facilities which in turn play a key role in bringing food to our state and beyond. Agriculture, food, and forestry represents Minnesota's second largest economic driver, and individual farmers, agricultural businesses, and coops are all critical elements. These businesses support employee wellness and safety and continuously improve their operations to maintain not only best practices but compliance with state and federal law. Again, Minnesota already has significant workplace safety standards and elements of this article are broad, duplicative, unnecessarily direct Minnesota's regulating agency to focus on these processing facilities.

The cost of compliance and operational impacts of workplace mandates, increased regulations and fines, and operational restrictions such as the ones mentioned above and additionally found in Article 3 (nursing home workforce standards board), Article 6 Section 17 (ergonomics), and Section 26(n) and Section 29 (adult-size changing facilities) put pressure on employers. While we appreciate the intentions of this legislation, we continue to be concerned about the feasibility and cost of such proposals, along with the unintended consequences.

As a final note, the private rights of action contained in Article 2, Article 3, Article 8, and Article 9 are inconsistent will lead to frivolous, attorney-driven lawsuits requiring employers to defend themselves against unwarranted claims. We appreciate that this provision was removed from Article 4 and encourage the committee to likewise remove it from the remaining articles. The significant increase in agency penalties and fines contained in Article 6 Sections 11- 15 coupled with the provisions in Article 6 Section 16 further indexing these increases to inflation goes beyond what is sufficient regulatory authority. The Chamber does not believe these penalties should be on autopilot; rather, these increases should require legislative debate and a vote, as this bill is doing through the underlying penalty provisions in Article 6, and therefore recommend that Article 6 Section 16 be deleted.

The Chamber supports an approach that limits additional cost burdens and unnecessary mandates on employers who are doing their best to comply with Minnesota's existing complement of state and federal workplace standards and keep Minnesotans employed. Because this bill would impede Minnesota's economic competitiveness, we respectfully encourage a "no" vote on HF 2755 and appreciate the opportunity to share our opposition.

Sincerely,

Lauryn Schothorst

Director, Workplace Management and Workforce Development Policy

Minnesota Chamber of Commerce