



May 12, 2022

Dear Members of the Jobs Omnibus Conference Committee:

**On behalf of the Minnesota Chamber of Commerce representing more than 6,300 businesses and more than half a million employees throughout Minnesota, we respectfully share our opposition to the House Jobs Omnibus bill (HF 4355) and our support for the Senate’s approach (SF 4091) specifically related to the Jobs and Labor Articles.**

To reiterate the top message we’ve submitted on behalf of our members – Minnesota’s employers, employees, and communities are counting on lawmakers to accelerate economic growth in 2022. That is why appreciate the Senate’s “do no harm” approach and are particularly troubled that instead of reducing costs or making it easier for Minnesota businesses to remain viable – let alone grow – the House takes the opposite approach.

#### Jobs and Labor Articles

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, increased workplace regulations, and operational restrictions in addition to proposals that increase their tax bill under various House proposals.

Minnesota is already considered a high tax, highly regulated, high cost-of-doing-business state. Employers currently must 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 decisions that are appropriate for their workplace and responsive to workplace needs.

The Minnesota Chamber is on record firmly opposing standalone pieces of legislation now included in the House Jobs omnibus package (HF 4355) that include a number of paid leave and other workplace mandates, increased regulations and fines, and operational restrictions.

#### Paid Leave Mandates

**The paid family and medical leave provisions of HF 4355 Article 3 and Article 4 (HF 1200 – Rep. Richardson)** place a new payroll tax on every employer to create a broad new state-run insurance program that will collectively cost the Minnesota business community \$2.2 billion over the next three years. This cost is much greater than a “cup of coffee.” In addition to the direct cost on employers, the proposal will, conservatively, take years of development and hundreds of state FTEs to start, implement,

and administrate. This proposal creates a mechanism for an employee to be away from their job for up to 24 weeks each year – that’s 44% of a working year.

**The paid sick and safe time provisions in HF 4355 Article 13 and Article 14 (HF 41 – Rep. L. Olson)** 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 provisions require 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 patchwork of sick and safe time mandates in Minnesota.

**Instead, conferees should consider SF 3885 (Sen. Coleman), standalone legislation allowing insurers to offer paid family leave insurance benefit policies for employers to purchase in Minnesota.** It is true that for some employers offering a paid leave benefit has not been an affordable or accessible option. By supporting the approach in SF 3885, the legislature gives an emerging market the go-ahead. Employers as well as trade associations will have access to another way to provide paid leave to their employees and members in an affordable manner with a policy that has been developed in the market, allowing them to tailor the policy to fit their workforce, with the benefit of scale without imposing unworkable “one size fits all” mandates on all employers in the state. We are pleased to see the Senate continue advancing a small business paid leave tax credits proposal in the Senate omnibus tax bill, HF 3669, in tandem with this bill to help address the affordability question head on.

#### Workplace Mandates, Fines, and Restrictions

**The requirement that private sector businesses use one particular type of workforce over another as prescribed in HF 4355 Article 11 (HF 984 – Rep. Lislegard).** This would require outside contractors working at “oil refineries in Minnesota” to have apprenticeship-level training. There is no specific safety incident or issue that this legislation is seeking to resolve. Nor is it clear where exactly Minnesota’s laws and standards are deficient. Restricting the labor force makes it harder to hire workers and could potentially discount workers with the highest safety records. If enacted, this could seriously jeopardize the very thing this bill seeks: the safety of workers at these facilities.

**HF 4355 Article 6 Sections 3, 10 and 11 prohibiting non-compete agreements and restrictive franchise agreements; Article 7 increasing OSHA penalties and fines; Article 8 making various modifications and additions to labor standards for agricultural and food processing workers; and Article 15 making various modifications to labor standards for warehouse distribution centers.** All of these requirements put pressure on employers, particularly small employers. Increased costs further limit resources available for employee compensation, other employer provided benefits, and job growth as well as investment and expansion in Minnesota.

**We do support modifying the wage theft law (SF 4091 Article 3 Sections 13 and 14) so that it is less costly and confusing for employers while preserving its intent and purpose.** We do not support, condone, or approve of wage theft as a business practice. Those willfully engaging in labor trafficking or other such practices should be held to account. Employers who inadvertently find themselves in violation of certain wage laws should be allowed to correct an error and comply with the law in a reasonable and timely fashion.

## Workforce Development

One of the great strengths of Minnesota's economy is our talented and reliable workforce. We appreciate the work over the past several months to support the future needs of workforce development in our state.

To enhance the state's global economic competitiveness and ensure our economic recovery, now – more than ever - there must be a strong alignment of education and workforce development with employer needs. Workforce programs also need to more closely track and adapt to changes in the labor market and align with the state's economic needs. We encourage conferees to apply this focus to our state's job training programs.

In a time of economic recovery, the Minnesota Chamber supports a "do no harm" approach that limits additional cost burdens, mandates, and operational restrictions on employers who are doing their best to keep their doors open and Minnesotans employed. **As you work to reconcile the differences between the House and Senate Jobs Omnibus, we appreciate the opportunity to share these concerns and encourage conferees to reject the House approach.** Now is not the time to impede Minnesota's business competitiveness and recovery.

Sincerely,

**Lauryn Schothorst**

Director, Workplace Management and Workforce Development Policy