



180 5th St. E. Ste. 260
St. Paul, MN 55101

651-293-1283
NFIB.com/MN
Twitter: @NFIB_MN

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Dear Members of the House Workforce & Business Development Committee,

On behalf of the more than 10,000 small businesses represented by the National Federation of Independent Businesses in Minnesota, we write to express our concern with the employer penalty section of the frontline worker payment notice requirement in House File 2900.

This legislation imposes “a civil penalty of up to \$1,000 for each violation for each employee” plus investigation and litigation costs if the notice requirement is not satisfied. An employer in a frontline sector is required to post notice or provide an electronic or paper copy of the notice of potential eligibility for frontline worker payments.

The legislation provides no firm timeline for employers to prepare for compliance, no expectation that the state will make employers aware of their obligation or conduct general outreach regarding the payments, and it is unclear if the notice requirement applies only to current employees or extends to any individual employed during the payment eligibility period. The bill provides that within 15 days of the application period opening for frontline worker payments, whenever that may be, an employer must provide the required notice or face significant penalties.

As an organization dedicated to representing Main Street businesses – 75% of our members have fewer than 10 employees – this punitive measure will harm small businesses. Between worker shortages, supply chain issues, inflation, rising energy costs and lingering hardship from the pandemic, many small businesses are still struggling to make ends meet. For a small business with five or ten employees, a \$5,000 or \$10,000 fine is no small matter, especially in these times.

We encourage the Legislature to take a collaborative approach with employers on this matter. Small businesses are raising compensation, paying more overtime, and still struggling to find enough workers to keep their operations at full capacity. Depriving employees of these funds is the last thing small business owners would want to do right now, but they should not face serious penalties for failure to meet an ambiguous timeline of which they may not even be aware.

Respectfully, we urge the committee to remove the penalties attached to the required notice section and work with interested parties to make voluntary compliance simpler.

We appreciate your consideration and look forward to working with you on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'JL Reynolds', written in a cursive style.

John L. Reynolds
Minnesota State Director
National Federal of Independent Businesses
john.reynolds@nfib.org
(651) 293-1283