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House File 19 (Olson)

Dear Members of the House Judiciary Finance and Civil Law Committee,

The National Federation of Independent Business (NFIB) represents over 10,000 small businesses in every industry and every corner of our state. Nearly 90% of our members have fewer than 20 employees and our average member employs 10 employees.

NFIB is committed to advocating for the best interests of Main Streets across Minnesota. Small businesses work hard to take care of their employees and contribute to their communities, often on increasingly thin margins and vanishing bottom lines.

House File 19 is an unfunded mandate that will disadvantage small businesses already struggling with inflation, higher labor costs and worker shortages. And many small employers – in big cities and small towns – are still reporting sales levels well below pre-pandemic levels.

The proposal requires small employers to provide up to 48 hours of paid leave in the first year and up to 80 hours (including rollover of accrued time) in future years. This will impose a particular hardship on very small businesses and small employers that rely on part-time or seasonal employees, as many will be starting furthest from the bill's requirements.

A small business with 10 employees making an average hourly wage of \$20 face additional costs of up to \$9,600 in the first year under this mandate and \$16,000 in subsequent years. Even if employees only used half the leave available, that presents a substantial financial burden for small employers.

Additionally, the bill imposes gratuitous penalty increases for potentially trivial violations. For instance, the penalty for responding to a document request from the Minnesota Department of Labor and Industry by regular mail instead of certified mail is increased by 900%.

We encourage lawmakers to look to other states with existing laws similar to this proposal for leave structures that shield small businesses from undue hardship.

New York, for example, requires very small employers (1-4 employees) with \$1 million or less in net income to provide 40 hours of unpaid leave. Oregon requires very small employers (<10

employees) to provide one hour of unpaid leave for every 30 hours worked. And most states limit annual paid leave accrual to 40 hours per year, or one work week.

Thank you for considering the perspective of small business.

Sincerely,



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