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February 9, 2022

Dear Members of the House Labor, Industry, Veterans & Military Affairs 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 notice section of the frontline worker payment notice requirement in House File 2900.

This legislation requires an employer in a frontline sector to post notice of an employee's potential eligibility for frontline worker payments within 15 days of the start of the payment application period. Failure to comply could result in "a civil penalty of up to \$1,000 for each violation for each employee" plus investigation and litigation costs.

NFIB has several concerns with this penalty:

- There is no set timeline for implementation of the payment program. Much depends on when various agencies can stand up the application system. There is no rulemaking process or other process to follow that would enable employers to know when to prepare for compliance.
- There is no expectation that any agency will notify employers of their obligation or when the application system will be complete.
- It is not clear whether the notification requirement applies only to current workers, or to past employees who may be eligible. Notifying former employees may not be possible because small employers often don't have current contact information for past employees.

We urge the committee to remove these penalties. As an organization dedicated to representing Main Street businesses – 75% of our members have fewer than 10 employees – this punitive measure could further harm small employers who are already facing major economic and workforce challenges.

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 unknowable deadline.

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', with a stylized flourish at the end.

John L. Reynolds
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National Federal of Independent Businesses
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