



March 22, 2021

Dear Members of the Minnesota 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, thank you for the opportunity to share our concerns with HF 7 (Rep. L. Olson) and HF 39 (Rep. Carlson). To reiterate the top message we submitted on behalf of our member's in previous testimony – Minnesota's economic recovery from the COVID-19 pandemic must be the top priority for the 2021 Legislative Session.

COVID-19 has had wide-ranging economic, business, and social impacts. The pandemic has resulted in an historic worldwide economic downturn due to actions taken to slow the spread of the virus including businesses closures and stay home orders. Businesses have been severely impacted: many were forced to close completely; others experienced a tremendous drop in revenues, supplier challenges, changes in workforce protocols, and loss of customers. This is not simply a personal loss for business owners. This is a loss to the employees, their communities, the local governments, and the state, in terms of commercial and economic activity.

Re-opening the economy and managing the continued economic fallout due to the pandemic is one of the top concerns of Minnesota businesses. A "do no harm" approach is critically important so that additional cost burdens and mandates are not placed on employers who are doing their best to keep their doors open and Minnesotans employed.

Policymakers have dual responsibilities of simultaneously supporting private sector economic recovery and looking ahead to Minnesota's long-term economic growth. Two clear economic imperatives now stand before us: We must stabilize at-risk businesses and take strategic actions to accelerate recovery in the short term. Avoiding additional restrictions on business operations and increased costs and burdens on businesses set up our economy for long-term success.

That is why we are particularly troubled that instead of reducing costs or making it easier for businesses simply to remain afloat – let alone grow – HF 7 and HF 39 take the opposite approach.

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 staffing decisions and provide wages, benefits and schedules that are appropriate for their workplace and responsive to workplace needs. Policymakers must intentionally help businesses remain solvent so they can expeditiously resume operations and rebuild their workforce, instead of subjecting them to onerous, uncompetitive, and unworkable hiring processes as dictated by HF 39.

Minnesota employers also provide employees with innovative and robust benefits promoting wellness and flexibility, building high morale, and attracting and retaining the best talent in a competitive marketplace while maintaining the ability to operate safely and manage a variety of workplaces across the state.

The paid sick and safe time provisions in HF 7 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 bill requires 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 scenario where employers would still be required to comply with a patchwork of sick and safe time mandates within Minnesota.

Cost, compliance and operational impacts of mandates such as the ones being considered today put pressure on employers, especially small employers. Increased costs further limit resources available for employee compensation, job growth, and expansion in Minnesota.

In a time of economic recovery, the Chamber supports a "do no harm" approach that limits additional cost burdens and mandates on employers who are doing their best to keep their doors open and Minnesotans employed.

Because these pieces of legislation would severely restrict Minnesota's business competitiveness and recovery, we respectfully encourage a "no" vote on both HF 7 and HF 39.

Sincerely,

Lauryn Schothorst

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Minnesota Chamber of Commerce