



March 20, 2024

Dear Members of the Senate Labor Committee:

As the Labor Committee works to finalize a labor policy omnibus bill for 2024, the Minnesota Chamber of Commerce, a statewide business organization representing over 6,300 business and over half a million employees throughout Minnesota, appreciates the opportunity to share our perspective on a number of provisions within the DE Amendment to SF 3582 (Sen. McEwen).

The cost of doing business in the state increased significantly as a result of the 2023 legislative session. After a record-setting number of new labor mandates, workplace restrictions, and business taxes, employers are very concerned about any additional policy proposals that further impede their ability to succeed and grow in Minnesota. Now is not the time to add additional costs and liabilities on Minnesota's employers, and yet the DE Amendment to SF 3582 contains more requirements, penalties, remedies, and employer obligations (Article 2; Article 3; Article 7 Sections 1, 2, and 9).

Small and mid-sized businesses cannot simply absorb state-imposed cost-of-doing-business increases year after year. In order for our members to manage the cost of these state mandates, we see higher costs for goods and services, lower rates of reinvestment into businesses, and negative impacts on other employee benefits. Minnesota's Tax Incidence report regularly notes that business costs get passed onto consumers.

In particular, Article 6 (SF 3947; Sen. Mohamed) seeks to significantly alter the application of our existing minimum wage structure and increase the minimum wage for a majority of the state's business. For our state's smallest employers, not only would there no longer be a designated small business minimum wage but the minimum wage for these small businesses will spike without warning. While we do not support removing this small business provision, we request that any significant changes to wage or work requirements that particularly target small businesses be phased in as well as take effect after a robust public education and awareness campaign initiated by the state.

Minnesota has competitive wages already - and our state's minimum wage policy currently includes an annual inflator of 2.5% based on legislation passed a few years ago. Our position is that no policy should be based on automatic adjustments, so we do not support further doubling the percentage increase in the rate of inflation. The legislature should consider and debate the minimum wage base rate itself based on economic and market conditions - but at the very least, the committee should retain the current minimum wage annual adjustment cap of 2.5%.

While the Chamber is opposed to the provisions in Article 6, we do agree that a thoughtful approach to the minimum wage based on economic data and market conditions can be timely. As the labor policy omnibus bill is assembled and provisions relating to minimum wage are considered, we request that the recommendations suggested above be considered.



Finally, we appreciate the intent behind Article 7 Sections 4 – 8 (SF 3638, Sen. Marty) regarding oral fluid testing as a preemployment alternative for drug, alcohol, and cannabis testing by employers. We are concerned that the language, as drafted, is unclear and may unintentionally limit the application of this testing method, negatively impacting employers, employees, and job applicants alike. We recommend simply adding “oral fluid test” into the definition of “drug and alcohol testing” in existing law while retaining the existing rights and protections for job applicants and employees.

The Minnesota Chamber believes that balanced employment-related policy benefits both employers and workers as well as taxpayers while enabling our economy to grow. It is for these reasons that the Chamber encourages members to oppose SF 3582, as amended by the DE Amendment.

Sincerely

Lauryn Schothorst

Director, Workplace Management and Workforce Development Policy