



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

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

February 20, 2023

Senate File 782 (Pappas)/Senate File 413 (Becker-Finn)

Dear Members of the Legislative Commission on Pensions and Retirement,

The National Federation of Independent Business (NFIB) represents 10,000 small businesses across Minnesota. Our average member employs 10 people; 90% of our members have fewer than 20 employees. Our mission is to advocate for the best interests of Main Street.

Thank you for the opportunity to comment on Senate File 413-House File 782. We appreciate the effort to improve Minnesotans' financial security in retirement. However, we have several concerns with the proposal that we hope lawmakers will address.

Respectfully, small businesses are already facing a wave of new regulatory obligations from legislative proposals this year. This includes new employee notice and accommodation requirements, bookkeeping and reporting obligations, and serious penalties in Paid Family and Medical Leave, Earned Sick and Safe Time, Chapter 181 modifications, and other proposals.

If enacted, these would go into effect in short order over the next two years and rapidly impose a significant new administrative and cost burden on small employers. The nexus of local, state, and federal labor rules has become so complex in recent years that Minneapolis is offering grants to help small businesses pay for software and accounting services just to keep up.

Phase-In By Employer Size. The DE 1 amendment allows the state to phase in the program over the course of two years, but we encourage a later start date and an articulated, tiered phase in based on employer size. For example, the legislation could establish a timeline of:

- Year 1: large employers with over 500 employees
- Year 2: small and medium-sized employers with 101 to 499 employees
- Year 3: small employers with 100 or fewer employees

Direct Enrollment for Small Business Employees. We ask the commission to exempt small employers with fewer than 50 employees from administrative and payroll collection obligations under the program. The DE 1 amendment already contemplates a direct enrollment option that could be used by employees of small businesses (Sec. 4, Subd. 7).

Small employers generally do not have internal accountants or human resources departments to aid in compliance with new employment regulations. Most small business owners are deeply involved in the administration, operations, and day-to-day management, leaving little time and few resources to address employee inquiries about state-imposed obligations.

Clear and Fair Penalties. The Legislature should adopt a fair penalty structure in this legislation rather than leave decisions about penalties, investigations and appeals up to the board and attorney general. We encourage the commission to look to existing state law for penalty structures and adjudication procedures that are already understood by employers.

Thank you for considering the concerns of small business.

Sincerely,

A handwritten signature in black ink, appearing to read 'John L. Reynolds', with a stylized flourish at the end.

John L. Reynolds
Minnesota State Director
National Federation of Independent Business
john.reynolds@nfib.org