



GOVERNMENT RELATIONS UPDATE

ADVOCATING FOR MINNESOTA'S HOSPITALITY INDUSTRY

By Jill Sims • May 03, 2024

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From the Desk of Jill Sims: We've made it to the final stretch of the legislative session – less than 20 days to go! While the legal situation around Senator Mitchell keeps evolving, the Senate is pushing forward with business. The House and Senate are negotiating final bills, holding long floor debates and passing bills. Read on to learn more about the junk fees legislation, business relief for those impacted by no snow and ice, the tax and labor bills and a quick update on Paid Family Medical Leave.

FYI, on Tuesday, May 7, Hospitality Minnesota will partner with Minnesota Association of Convention and Visitors Bureaus to host lunch for legislators and staff to celebrate National Travel and Tourism week. All are welcome to join – we'll be in the Capitol Vault from 11:00AM – 1:00PM!

'Junk Fees' Bill Passes Senate Floor, Heads to Negotiating Table

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HF 3438 PORT
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Vote roll call from Wednesday's Senate floor vote on HF 3438.

On Wednesday, the Senate passed a bill prohibiting “junk fees” ([HF 3438](#)) on a 41-26 vote. This legislation would require companies to incorporate any service charges or other non-tax mandatory fees into the price being advertised.

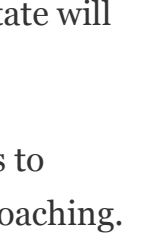
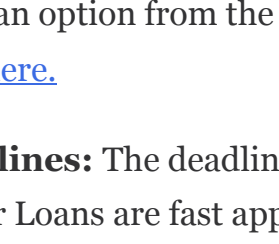
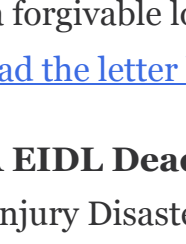
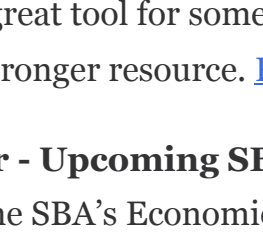
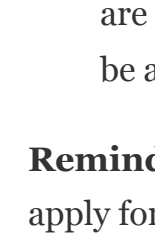
- **Why it matters:** Health and wellness fees, service charges and more are set to go away based on the intent of the legislation. Credit card fees, mandatory gratuities (i.e. 18% on party of 6 or more or 'no tip' model restaurants) and government taxes/fees are not included in this legislation.

What this change means: A key difference between the House and Senate versions is the House version goes into effect August 1, 2024, whereas the Senate has a 1-year delay.

- **What's next:** Both bills will head to a conference committee where differences in each bill will be negotiated. Following the conference committee, the bill will go back to the House and Senate floors for a final vote before heading to the governor's desk for his signature. Hospitality Minnesota will advocate for the Senate version to allow for time to understand how business models may have to pivot.

Lack of Snow and Ice Relief Requested by Association Coalition

ASK: ESTABLISH \$10 MILLION IN A FORGIVABLE LOAN PROGRAM FOR IMPACTED BUSINESSES



On Wednesday, Hospitality Minnesota joined several association leaders and sent a letter to Governor Walz, DEED, EMT and legislative leaders emphasizing the need for relief for businesses affected by the lack of snow and ice.

- **The Ask: \$10M in state based forgivable loans administered by DEED.** Currently, businesses impacted by lack of ice are in-eligible for SBA loans. Furthermore, while SBA loans are a great tool for some, a forgivable loan option from the state will be a stronger resource. [Read the letter here.](#)

Reminder - Upcoming SBA EIDL Deadlines: The deadlines to apply for the SBA's Economic Injury Disaster Loans are fast approaching.

- **Counties impacted by the May 6 deadline:** Otter Tail and Wadena.

- **Counties impacted by the May 13 deadline:** Big Stone, Cook, Grant, Lac Qui Parle, Stevens, Swift, Traverse, and Wilkin.

Go deeper: Additional deadlines can be [found here](#). Use [this link](#) from the SBA to confirm your county's deadline.

Senate Tax Bill Heads to Floor



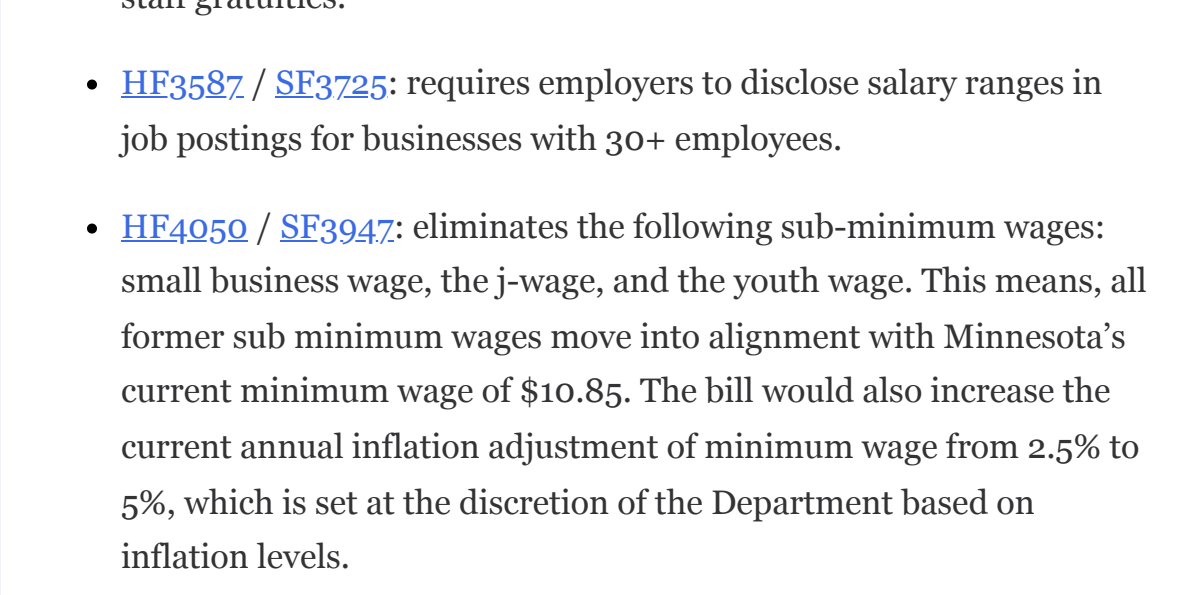
What happened: The Senate Tax Committee released and passed its omnibus bill this week. Now, the bill heads to the Senate floor for a vote.

- **What's next:** After the floor senate vote, the two bills will head to the conference committee.

Do both versions of the bill include hospitality provisions? No, unfortunately, the Senate version of the bill does not include any provisions for aligning the lodging tax, tier adjustments for homestead resorts, or adjusting the Minneapolis downtown hospitality tax.

- **Yes, but:** Not all hope is lost. Provisions are included in the House Tax omnibus bill. Hospitality Minnesota will advocate for the inclusion of all three provisions in the final bill.

Labor Conference Committee Wraps Up



What happened? The Labor Conference Committee concluded its business on Tuesday, April 30.

Some background: The conference committee had approved most of the [similar and same language](#) last week, and only had two provisions to finish.

- The first provision that was approved would make changes to the apprenticeship policy.
- The second provision that was approved would prohibit noncompete restrictive covenants.

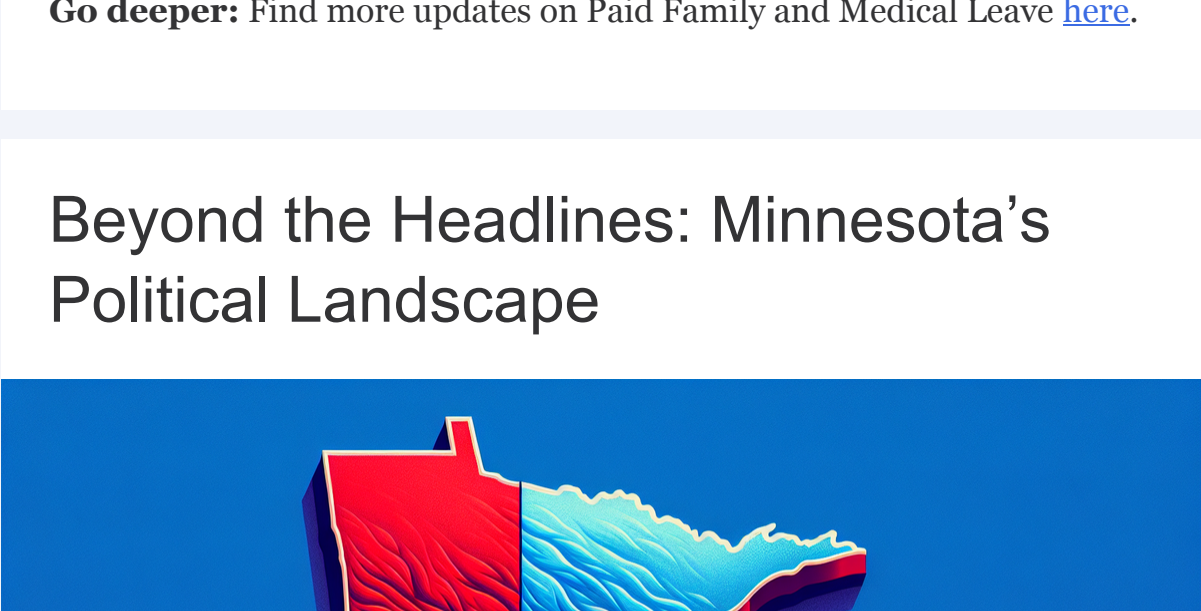
An amendment was unsuccessfully offered by Rep. Andrew Myers (R-Tonka Bay) that would have lowered the minimum wage percentage increase cap from 5% to 3.5%.

What's next: The labor policy bill heads back to the House and Senate floors for debate and a vote. If passed off both floors, the bill will head to the Governor's desk for his signature.

What's included? Several bills are included in the labor policy omnibus bill that affect the hospitality industry, including:

- [HF4787 / SF4709](#): prohibits the deduction of credit card fees from staff gratuities.
- [HF3587 / SF3725](#): requires employers to disclose salary ranges in job postings for businesses with 30+ employees.
- [HF4050 / SF3947](#): eliminates the following sub-minimum wages: small business wage, the j-wage, and the youth wage. This means, all former sub minimum wages move into alignment with Minnesota's current minimum wage of \$10.85. The bill would also increase the current annual inflation adjustment of minimum wage from 2.5% to 5%, which is set at the discretion of the Department based on inflation levels.
- [HF3516 / SF3638](#): authorizes oral fluid testing procedures as a preemployment alternative for drug, alcohol, and cannabis testing by employers.
- [HF3456 / SF3721](#): prohibits noncompete restrictive covenants in service contracts (no prohibition on customer hiring employee).

Paid Family Medical Leave Update – Reporting Begins in July

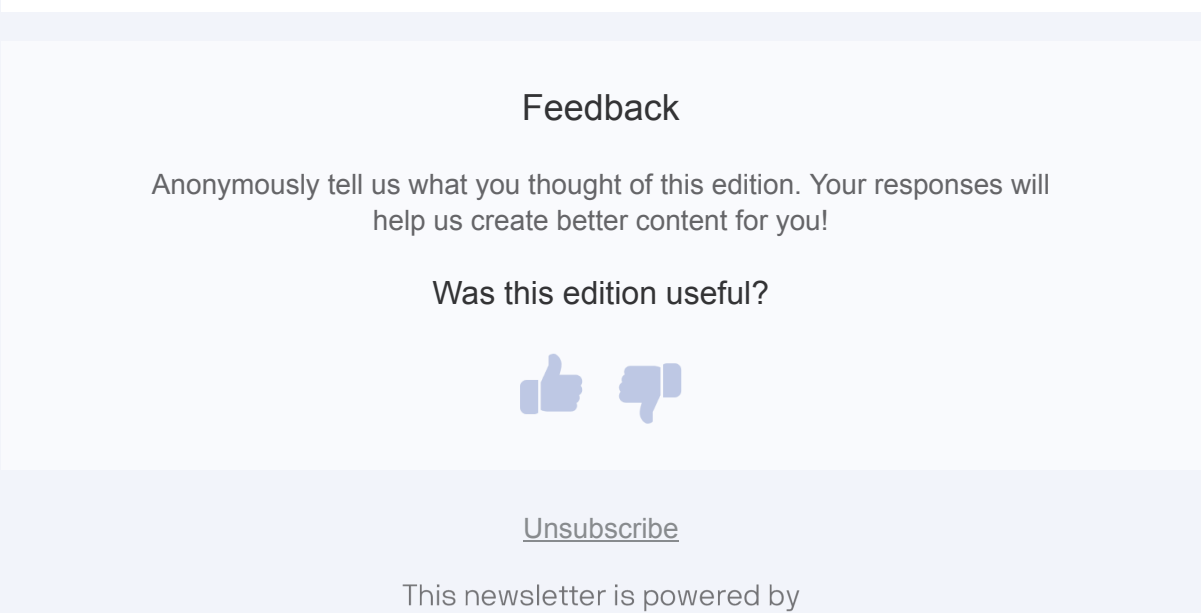


Starting in July, most employers will be able to submit quarterly wage detail reports to the Paid Leave program. To help employers prepare, the Department of Employment and Economic Development has prepared a list of frequently asked questions and answers, including:

- **My organization is covered by the Unemployment Insurance program, what do I need to do?** Nothing. Your UI employer account will be automatically converted into a joint UI/Paid Leave to allow you to submit your wage detail report using the same process you use today.
- **When are the first wage detail reports due?** The first wage detail reports will be due on October 31, 2024, and will be based on wages paid between July 1, 2024 and September 30, 2024.
- **What information will employers need to include on a wage detail report?** Employers will need to provide the first and last name, social security number, wages paid, and hours worked for each employee. This is identical to the information provided to the Unemployment Insurance division.

Go deeper: Find more updates on Paid Family and Medical Leave [here](#).

Beyond the Headlines: Minnesota's Political Landscape



- [Sports betting bill odds dim as time winds down on Minnesota Legislature](#) | MPR News
- [GOP attempts to prohibit DFL Sen. Nicole Mitchell from voting after felony charge](#) | Minnesota Reformer
- [Under pressure from advocates, Minnesota legislators debate proposal to allow early marijuana growing.](#) | Star Tribune

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