



GOVERNMENT RELATIONS UPDATE

ADVOCATING FOR MINNESOTA'S HOSPITALITY INDUSTRY

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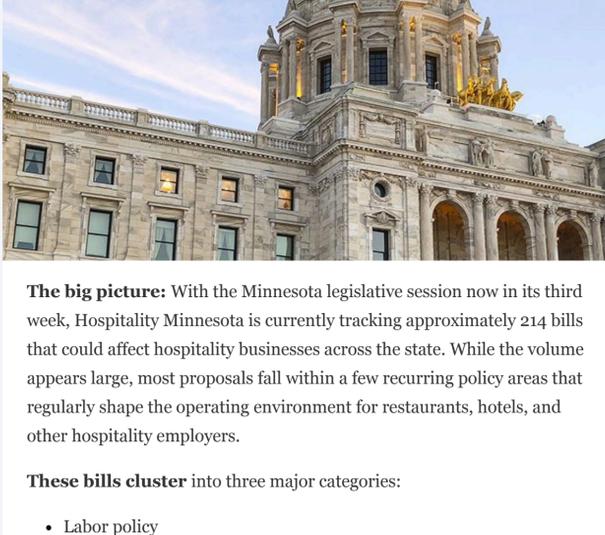
By Ryan Hamilton • Mar 09, 2026

Smart Brevity® count: 3 mins...860 words

Welcome back. In today's GR Update, we offer a report on the first three weeks of Minnesota's 2026 Legislative Session, provide a snapshot of the behind-the-scenes-work done thus far, [outline the details of our proprietary proposals this session](#), and identify the legislative initiatives we are supporting and opposing.

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Legislative Session - By The Numbers



The big picture: With the Minnesota legislative session now in its third week, Hospitality Minnesota is currently tracking approximately 214 bills that could affect hospitality businesses across the state. While the volume appears large, most proposals fall within a few recurring policy areas that regularly shape the operating environment for restaurants, hotels, and other hospitality employers.

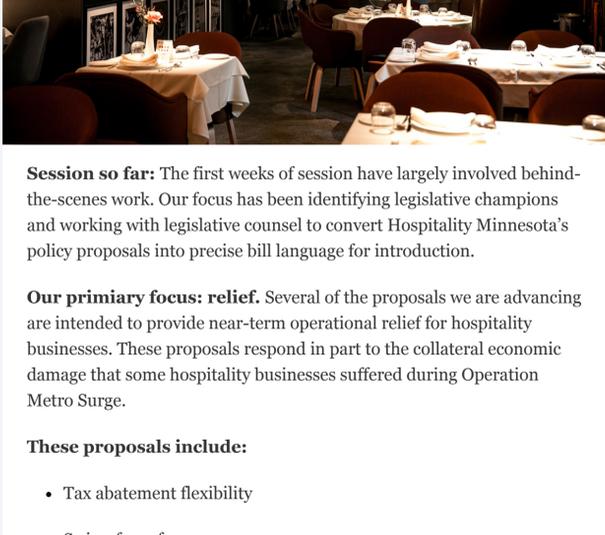
These bills cluster into three major categories:

- Labor policy
- Taxes and fees
- Commerce and consumer regulation

Yes, and: It is important to note that the majority of the bills on our tracking list were introduced during the 2025 session. Minnesota operates on a two-year legislative biennium, meaning legislation introduced in the first year remains eligible to receive hearings, advance through committee, and ultimately become law during the second year.

- **What's new this year:** Of the bills we are monitoring, 47 were newly introduced in 2026, representing roughly one-fifth of the total.

Session Overview: Early Activity



Session so far: The first weeks of session have largely involved behind-the-scenes work. Our focus has been identifying legislative champions and working with legislative counsel to convert Hospitality Minnesota's policy proposals into precise bill language for introduction.

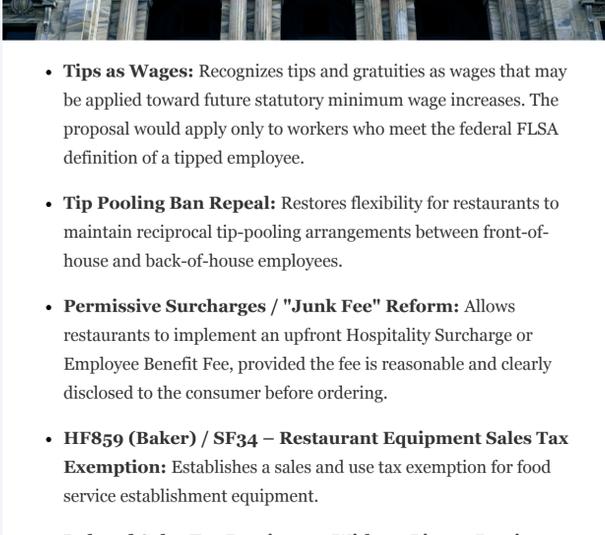
Our primary focus: relief. Several of the proposals we are advancing are intended to provide near-term operational relief for hospitality businesses. These proposals respond in part to the collateral economic damage that some hospitality businesses suffered during Operation Metro Surge.

These proposals include:

- Tax abatement flexibility
- Swipe-fee reform
- Permissive surcharges

Beyond our relief initiatives: The remainder of our legislative agenda focuses on longer-term structural improvements to Minnesota's business climate. These initiatives aim to help hospitality businesses become more resilient by providing operators with practical tools to manage costs and stabilize operations.

Hospitality Minnesota's Proprietary Proposals



- **Tips as Wages:** Recognizes tips and gratuities as wages that may be applied toward future statutory minimum wage increases. The proposal would apply only to workers who meet the federal FLSA definition of a tipped employee.
- **Tip Pooling Ban Repeal:** Restores flexibility for restaurants to maintain reciprocal tip-pooling arrangements between front-of-house and back-of-house employees.
- **Permissive Surcharges / "Junk Fee" Reform:** Allows restaurants to implement an upfront Hospitality Surcharge or Employee Benefit Fee, provided the fee is reasonable and clearly disclosed to the consumer before ordering.
- **HF859 (Baker) / SF34 – Restaurant Equipment Sales Tax Exemption:** Establishes a sales and use tax exemption for food service establishment equipment.
- **Delayed Sales Tax Remittance Without Liquor Posting:** Allows businesses to utilize the Department of Revenue's tax abatement process to delay payment of sales taxes without interest, penalties, or liquor license posting requirements.

Session Priorities Hospitality Minnesota is Supporting



Beyond HM's Package: Hospitality Minnesota is also supporting several bills authored by legislators or partner organizations, including the following initiatives:

- **Paid Family and Medical Leave Reform:** Aligns Minnesota's 150-day threshold for seasonal employee classification with the federal standard of 180 days.
- **Swipe Fee Reform:** Prohibits credit card processors from charging interchange fees on the tax and tip portions of a transaction.
- **Vendor Collection Allowance:** Establishes a sales tax vendor allowance allowing businesses to retain a small portion of the sales tax they collect to offset the administrative costs of collecting and remitting the tax.
- **Online Lodging Tax Collection:** Ensures online travel agencies collect lodging taxes in a manner consistent with hotels, creating a level playing field and supporting local convention and visitor bureau funding.
- **Social Districts:** Allows municipalities to establish designated areas where alcoholic beverages may be consumed outdoors.
- **HF3524 (Robbins) – Federal Tax Conformity:** Aligns Minnesota's tax code with federal policies eliminating income tax on tips and overtime pay.

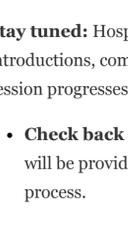
Session Priorities Hospitality Minnesota is Opposing



We're playing defense too: Hospitality Minnesota is also monitoring and opposing several proposals that could create compliance challenges or increase costs for hospitality businesses.

- **HF3408 (Kotzya-Witthuhn) – Surveillance-Based Price Setting Prohibited:** Prohibits retail food stores from engaging in surveillance-based price setting.
 - **Concern:** The current definition of "retail food store" is overly broad and could unintentionally capture restaurants.
- **HF3794 (Greenman) – Surveillance-Based Price and Wage Discrimination:** Prohibits surveillance-based price discrimination and wage discrimination.
 - **Concern:** Restaurant operations routinely rely on forecasting software to align staffing levels with anticipated demand. The bill's ambiguity could create significant compliance challenges.
- **SF3633 (Johnson Stewart) – Wayzata Food and Beverage Tax Authorization:** Authorizes the City of Wayzata to impose a local food and beverage tax.
 - **Concern:** Local food and beverage taxes increase the cost of dining out and can place hospitality businesses at a competitive disadvantage relative to neighboring communities without similar taxes.

As Session Continues, You Can Count On Us



THE LODGING, RESTAURANT, RESORT AND CAMPGROUND ASSOCIATION

Stay tuned: Hospitality Minnesota will continue monitoring bill introductions, committee hearings, and legislative negotiations as the session progresses.

- **Check back for future updates.** Additional communications will be provided as legislation begins moving through the committee process.

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