



GOVERNMENT RELATIONS UPDATE

ADVOCATING FOR MINNESOTA'S HOSPITALITY INDUSTRY

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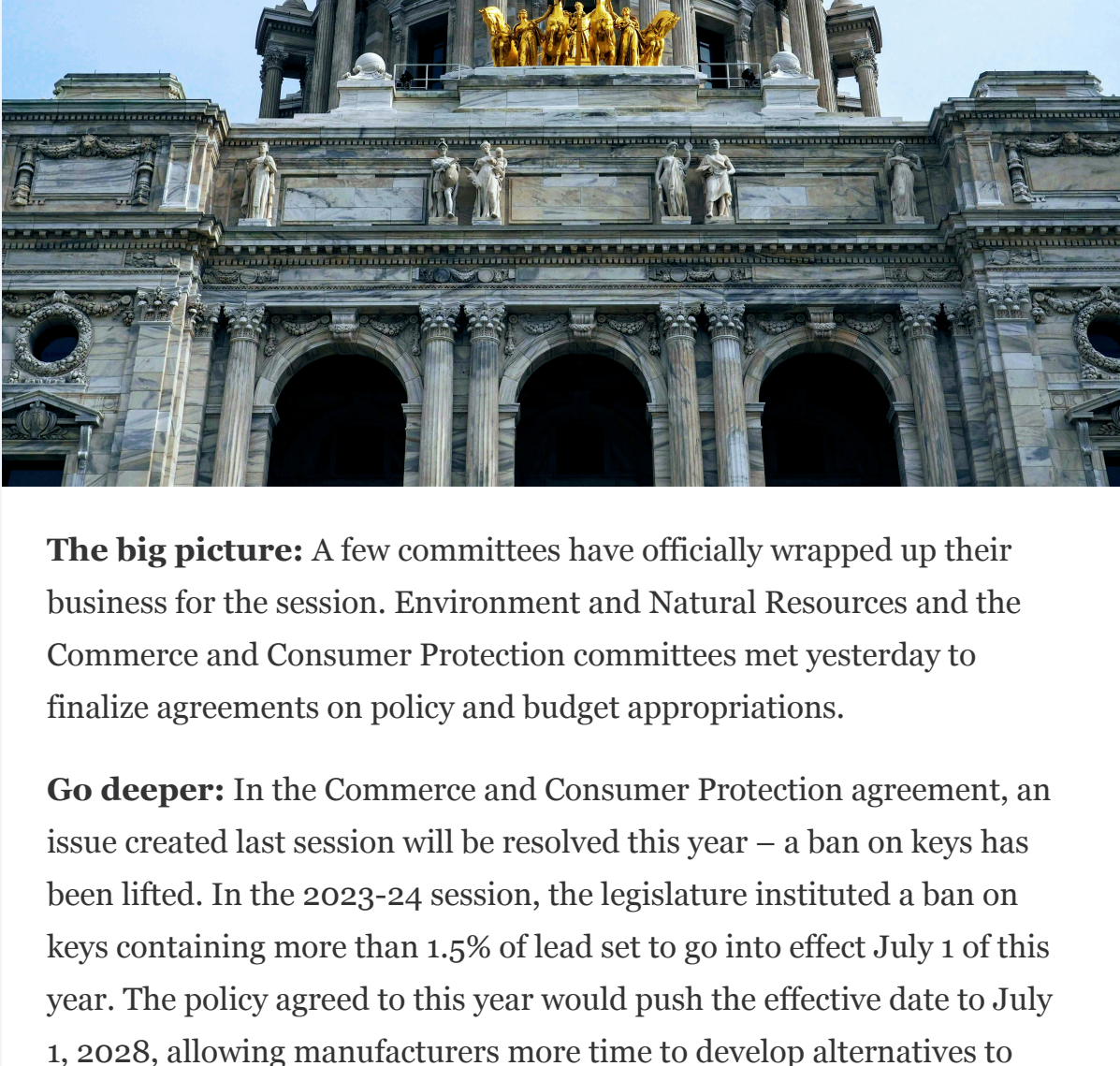
By Hanna Zinn • May 30, 2025

Smart Brevity® count: 4 mins...1091 words

Welcome back. A special session still looms over the legislature. A few working groups met publicly this week to wrap up their work, but major spending bills have yet to be posted. This week I’m breaking down everything I know about those bills, and what a special session could look like next week.

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Session Snapshot



The big picture: A few committees have officially wrapped up their business for the session. Environment and Natural Resources and the Commerce and Consumer Protection committees met yesterday to finalize agreements on policy and budget appropriations.

Go deeper: In the Commerce and Consumer Protection agreement, an issue created last session will be resolved this year – a ban on keys has been lifted. In the 2023-24 session, the legislature instituted a ban on keys containing more than 1.5% of lead set to go into effect July 1 of this year. The policy agreed to this year would push the effective date to July 1, 2028, allowing manufacturers more time to develop alternatives to using lead in key production.

- **Why it matters:** For our resorts who rely on keys for their outdoor activities like snowmobiles, boats, recreational vehicles and ATVs this is a crucial provision.

Yes, and: In the Environment and Natural Resources agreement a provision to increase boat licensing fees was included. The funds from these increases, for all watercraft types, will be used to fight aquatic invasive species in Minnesota lakes and rivers. The increases raise the current \$10.60 three-year license to \$14 - \$50 depending on the boat type, length, and use. Here’s a breakdown of these increase:

- (1) for a watercraft 19 feet or less in length, other than a watercraft listed in clauses (2) to (8), \$29;
- (2) for a watercraft, other than personal watercraft, 19 feet in length or less that is offered for rent or lease, \$25;
- (3) for a sailboat 19 feet in length or less, \$20;
- (4) for a watercraft used by a nonprofit corporation for teaching boat and water safety, \$14;
- (5) for a watercraft owned by a dealer under a dealer's license, \$50;
- (6) for a personal watercraft, including one offered for rent or lease, \$25;
- (7) for a watercraft less than 17 feet in length, other than a watercraft listed in clauses (2) to (6), \$25;
- (8) for a canoe, kayak, sailboard, paddleboard, paddleboat, or rowing shell over ten feet in length, \$20;
- (9) for a watercraft more than 19 feet but less than 26 feet in length, other than a watercraft listed in clauses (4), (5), (8), and (12), \$38;
- (10) for a watercraft 26 feet but less than 40 feet in length, other than a watercraft listed in clauses (4), (5), (8), and (12), \$50;
- (11) for a watercraft 40 feet in length or longer, other than a watercraft listed in clauses (4), (5), (8), and (12), \$62; and
- (12) for a watercraft used primarily for charter fishing, commercial fishing, commercial passenger carrying, or other commercial operation, \$50.

EFFECTIVE DATE. This section is effective January 1, 2026.

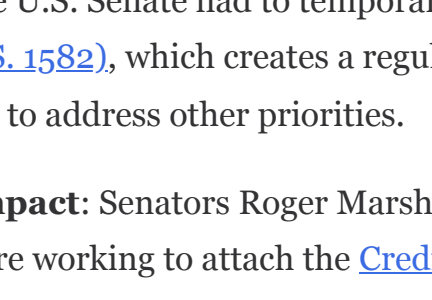
What they’re saying: House and Senate leadership held press conferences Thursday to update the public on the progress of working groups, and when a special session might take place. Senate Majority Leader Erin Murphy (DFL – St. Paul) noted there is a lot of work left to do, but she remains hopeful these bills will be wrapped up quickly. Leader Murphy also noted a bonding infrastructure bill does not seem to be in the future this year. Speaker Demuth (R – Cold Spring) stated she is very optimistic that a deal is close, and the Governor will announce the special session in the next few days. Watch the full press conferences here:

- [Legislative Leader Media Availability 5/29/25](#)

Yes, and: A key portion of the agreement signed by legislative leaders before regular session ended on May 19th included a controversial provision barring undocumented immigrants from accessing the state healthcare system MinnCare. Leader Murphy stated in the press conference she would require this bill to not be included in any other budget bills. This would require it to be voted on its own, setting up a controversial vote that does not have bipartisan support.

- **What’s next:** Starting June 1 layoff notices will be sent to state healthcare workers and state college and university employees. A full government shutdown will happen on July 1 if a budget cannot be passed before then. With Governor Walz heading to South Carolina and California this weekend, legislative leaders said a special session notice could come at any time in the next few days. The special session will likely take place mid-next week.

Take Action: Vote on Credit Card Competition Act Expected Soon

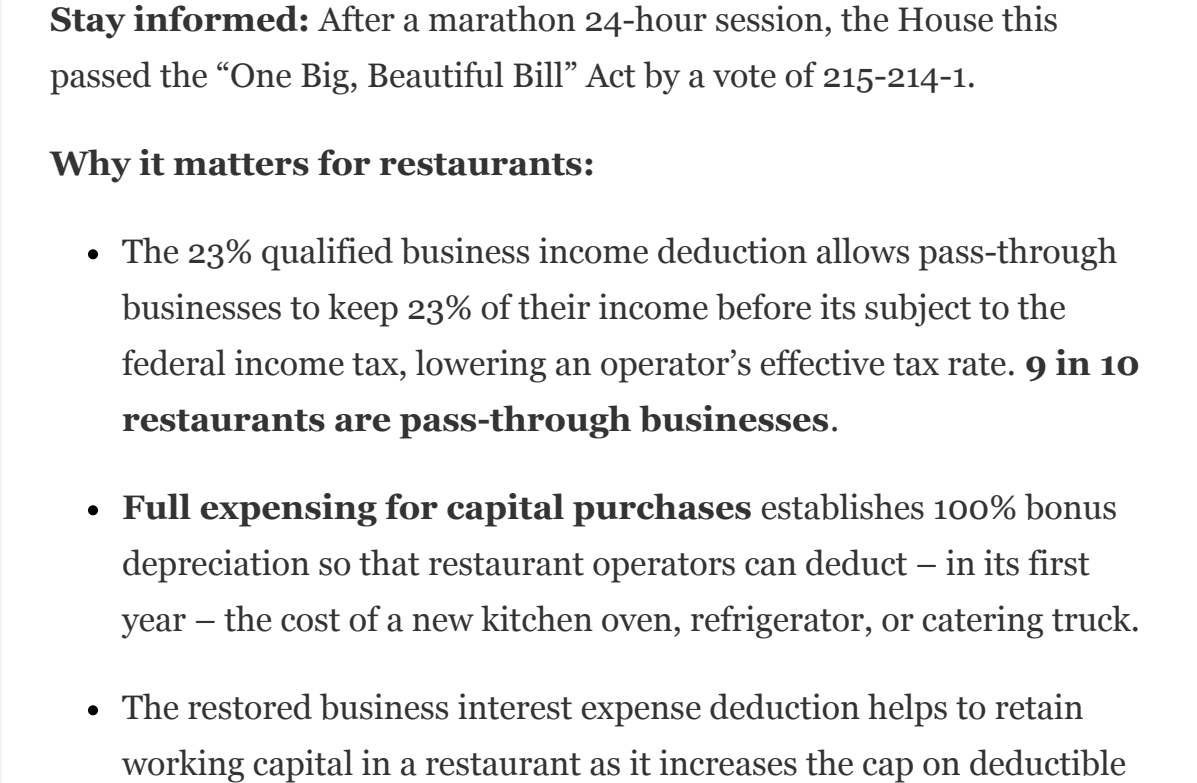


Stay informed: The U.S. Senate had to temporarily pause consideration of the [GENIUS Act \(S. 1582\)](#), which creates a regulatory framework for payment stablecoins, to address other priorities.

- **Restaurant impact:** Senators Roger Marshall (R-KS) and Dick Durbin (D-IL) are working to attach the [Credit Card Competition Act \(CCCA\)](#) as an amendment to this legislation. While a vote on the amendment is not guaranteed, if it does happen, it could come with little to no warning.

Take action: Your voice is urgently needed. Big banks and credit card companies only need 40 votes to block this amendment—but we need 60 to pass it. That means every Senator’s vote counts. Take just 2 minutes [to stand up for lower swipe fees](#) and help level the playing field.

Restaurants Fare Well in US House’s “One Big, Beautiful Bill”



Stay informed: After a marathon 24-hour session, the House this passed the “One Big, Beautiful Bill” Act by a vote of 215-214-1.

Why it matters for restaurants:

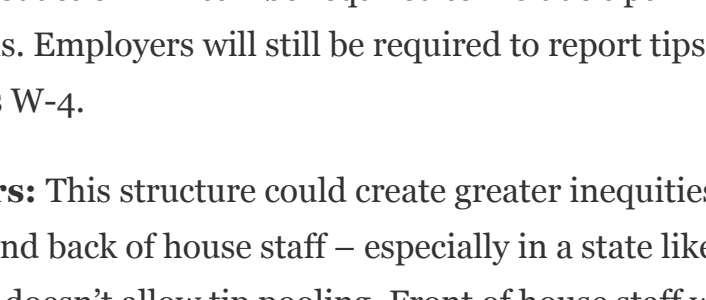
- The 23% qualified business income deduction allows pass-through businesses to keep 23% of their income before its subject to the federal income tax, lowering an operator’s effective tax rate. **9 in 10 restaurants are pass-through businesses.**

- **Full expensing for capital purchases** establishes 100% bonus depreciation so that restaurant operators can deduct – in its first year – the cost of a new kitchen oven, refrigerator, or catering truck.

- The restored business interest expense deduction helps to retain working capital in a restaurant as it increases the cap on deductible business interest at 30% of earnings before interest, taxes, **depreciation, and amortization (EBITDA).**

Wins for the workforce: Under the House bill, starting in 2025 until the end of 2028, employees can earn up to \$155,000 without owing federal income taxes on their tips under the House plan.

No Tax on Tips



Also included in the proposal: “No Tax on Tips” legislation. This was a key campaign promise made by the President during his 2024 campaign. While this legislation sounds promising on the surface for tipped employees, key provisions in the bill could create new challenges for employers.

- **The big picture:** Tipped employees could see a lower tax liability based on this policy. Employees who make less than \$155,000 would be eligible to deduct tips from their income. Taxpayers who take the standard deduction will still be required to include tips in their FICA calculations. Employers will still be required to report tips on an employee’s W-4.

Why it matters: This structure could create greater inequities between front of house and back of house staff – especially in a state like Minnesota who doesn’t allow tip pooling. Front of house staff who are heavily tipped would qualify for this tax deduction, but back of house staff who do not receive tips would not be eligible for this benefit. In Minnesota, a state without tip pooling, this creates an uneven playing field and could lead to workforce challenges when trying to fill non-tipped positions.

- **What’s next:** The bill still needs to pass the Senate, where many lawmakers are still debating how they will vote. Details on these provisions may change before the bill’s final passage.

Thank you reading! Check out past [GR Updates](#) here.

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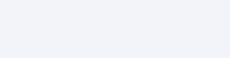


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