



2026 MINNESOTA LEGISLATIVE RECAP

END-OF-SESSION
LEGISLATIVE REPORT
FOR THE HOSPITALITY INDUSTRY

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The 2026 Minnesota legislative session closed with a mixed set of results for the hospitality industry. The Legislature did not deliver any meaningful change to the hospitality operating climate. It did, however, advance several practical improvements, avoid several new regulatory burdens, and sharpen the policy conversation around the pressures facing restaurants, hotels, resorts, campgrounds, caterers, bars, event venues, and destination businesses across the state.

For Hospitality Minnesota members, the session is best understood through a practical lens: Did public policy become more workable, more predictable, and better aligned with the way hospitality businesses actually operate?

In some areas, the answer is yes. Progress was achieved on pass-through entity tax regulations, liquor licensing flexibility, hemp beverage regulation, travel-related commerce provisions, gift card fraud, and outdoor recreation investment.

In other areas, major work remains. Hospitality Minnesota's efforts on tax abatement and liquor posting, junk-fee reform, seasonal workforce alignment, social districts, tip pooling, swipe fees, and lodging-tax protection remain ongoing priorities. Just as important, a number of proposals that would have added new mandates or operational complexity did not become law. The Legislature did not advance broad AI wage-setting restrictions, a municipal nondisclosure-agreement ban, significant new workplace mandates, or several other proposals that would have introduced new uncertainty for employers, developers, and operators.

The result is a session of incremental progress, not final resolution.

Each and every seat in the Minnesota Legislature is now up for election. As we embark upon campaign season, Hospitality Minnesota's work remains focused on a simple proposition: Minnesota needs a hospitality climate that allows operators to serve guests, employ Minnesotans, invest in communities, and sustain the local economies that depend on restaurants, lodging, tourism, events, and gathering places.

Measures Supporting Hospitality that **Passed**

Several important Hospitality Minnesota priorities became law this session, providing incremental progress toward a more stable operating climate.

Pass-through entity tax preservation.

- The Legislature continued the pass-through entity tax structure and revived related provisions retroactively. This is a practical improvement that preserves working capital and supports ownership stability for the many restaurants and hotels organized as S-corps or LLCs.

Omnibus liquor licensing improvements.

- The final liquor package delivered greater flexibility for resorts, food halls, and venues in unincorporated areas. By aligning licensing tools with actual guest-service models—particularly for seasonal and rural operators—the state moved toward a more workable licensing environment.

Hemp beverage and edible clarity.

- New legislation clarified the framework for on-site consumption of lower-potency hemp products at licensed liquor establishments. These clear rules on service practices and supply chain responsibility allow operators to navigate this developing market with greater regulatory certainty.

Travel protection and commerce provisions.

- The Commerce omnibus bill established a clear framework for travel insurance, cancellation waivers, and protection plans. This provides much-needed clarity for lodging providers and travel retailers, helping both consumers and operators understand their rights and obligations in a complex marketplace.

Gift card fraud protections.

- A separate measure was enacted to address the growing issue of gift card fraud. Because gift cards are a staple of the hospitality economy, this legislation serves as a critical business protection measure that helps maintain consumer confidence in restaurants and entertainment settings.

Outdoor recreation and infrastructure investment.

- The Legislature approved significant funding for parks, trails, and water access, recognizing that public assets drive visitor traffic. These investments support the broader visitor economy, funneling guests toward the resorts, campgrounds, and local businesses that sustain Minnesota's tourism communities.

Measures Supporting Hospitality that **Did Not Pass**

Several important Hospitality Minnesota priorities did not become law this session. These issues should remain part of the association's forward agenda.

Hospitality junk-fee exemption.

- The Legislature did not enact a hospitality-specific exemption or workable reform to Minnesota's junk-fee law. This remains one of the clearest areas where consumer transparency and operational reality need to be reconciled.

Liquor posting and tax abatement decoupling.

- The final tax package did not include HM's targeted fix to prevent liquor-posting consequences from undermining lawful tax-abatement relief.

Seasonal employee alignment.

- The Legislature did not align Minnesota's seasonal employee definition with the federal 180-day standard for purposes of Paid Family and Medical Leave.

Social district flexibility.

- The Legislature did not enact a broad statewide framework allowing all communities to create social districts where locally appropriate.

Workforce Implications - Progress Achieved

The Legislature did not advance a new wave of broad workplace mandates.

- For hospitality operators, one of the most important outcomes of the 2026 session is what did not pass. After several years of major changes to Minnesota labor and employment law, many hospitality employers entered the session already managing new compliance obligations, higher administrative costs, and uncertainty around implementation.
- A number of additional workplace proposals were introduced or discussed during the biennium, including measures affecting employer scheduling, artificial intelligence in employment settings, wage-setting practices, employee classification, seating mandates, and other employment rules. The final omnibus packages did not include a broad new layer of workplace mandates.
- That outcome matters. Restaurants, hotels, resorts, caterers, bars, and event venues operate with variable demand, part-time work, seasonal staffing, tipped compensation, and tight scheduling windows. Additional mandates that do not account for those realities can quickly become operationally disruptive.

Seasonal workforce issues gained ground as a serious policy concern.

- Hospitality Minnesota continued to press for alignment between Minnesota's seasonal employment rules and the operational reality of seasonal hospitality. The association's priority was to align the seasonal employee definition in Paid Family and Medical Leave with the federal 180-day standard. That priority fits the broader resiliency agenda: public policy should recognize how resorts, campgrounds, golf courses, restaurants, lodging properties, and seasonal destinations actually operate.
- The proposal did not pass, but the issue advanced as a matter of legislative understanding. That is meaningful. Seasonal employment is not a side issue for Minnesota hospitality. It is central to how many communities function during peak tourism periods.

Workforce Implications - Ongoing Challenges

CONCERN: Paid Family and Medical Leave remains a major implementation concern.

- Paid Leave continues to be one of the largest operational issues facing hospitality employers. Operators remain concerned about cost, staffing disruptions, part-time and seasonal workforces, administrative complexity, and the cumulative effect of overlapping mandates.
- Hospitality Minnesota will continue advocating for implementation that reflects hospitality staffing realities rather than the assumption that every employer operates on a year-round, full-time, office-based model.

CONCERN: Seasonal employee alignment remains unresolved.

- The Legislature did not enact the 180-day seasonal alignment fix. That remains an ongoing priority because the mismatch between statutory definitions and real operating seasons can create practical problems for both employers and employees.

CONCERN: AI wage-setting restrictions did not pass, but the issue will return.

- Representative Greenman's proposal on surveillance-based price and wage discrimination, including restrictions on automated decision systems used to inform individualized wages, did not become law and does not appear to have been included in the final omnibus packages.
- For hospitality operators, the issue remains worth watching. Policymakers are increasingly interested in regulating how businesses use software, data, algorithms, scheduling tools, and artificial intelligence. Future proposals may affect hiring, scheduling, pricing, wage analysis, customer service, and workforce management.

Tax & Competitiveness - Progress Achieved

Pass-through entity tax relief was preserved.

- Hospitality Minnesota supported continuation of Minnesota's pass-through entity tax structure. Many hospitality businesses are organized as S corporations, partnerships, or LLCs. For those operators, the pass-through entity tax election can provide meaningful federal tax relief.
- The final tax bill continued the pass-through entity tax election and revived related provisions retroactively from January 1, 2026. It also included an estimated-payment accommodation for certain pass-through entities.
- This is a practical improvement for hospitality. It helps preserve tax policy that supports working capital reinvestment and ownership stability for many small and mid-sized operators.

Major new hospitality-specific tax expansions were not enacted.

- The session included continued pressure for new or expanded revenue tools, including local taxes and other cost-shifting mechanisms that could affect hospitality operators and consumers. The final session outcome did not produce the kind of broad new hospitality-specific tax expansion that would have directly worsened the operating climate for restaurants, hotels, resorts, and related businesses.
- That is not a complete answer to Minnesota's cost problem. But it did prevent the operating climate from becoming still more expensive in several areas.

Tax & Competitiveness - Ongoing Challenges

CONCERN: Liquor posting and tax abatement decoupling did not pass.

- Hospitality Minnesota continued work on a targeted fix to decouple liquor-posting consequences from tax-abatement relief. That provision was not included in the final tax package.
- The underlying issue remains straightforward: when the state recognizes circumstances warranting tax relief or payment deferral, the law should not impose an automatic liquor-license consequence that undercuts the value of that relief. An operator seeking lawful relief should not be forced into a separate licensing problem that threatens the ability to remain open.
- This remains an ongoing priority.

CONCERN: Swipe-fee reform bill was drafted, but not introduced.

- Payment-processing costs remain a structural cost pressure for hospitality operators. Swipe fees affect restaurants, hotels, bars, resorts, caterers, and event venues every day. The issue remains central to affordability, margins, and consumer transaction costs. The legal and political approach to reform has evolved rapidly over the past year. Progress is being made in other states such as Illinois, Colorado, and Delaware that will inform our strategy in 2027.

CONCERN: Lodging-tax protection remains important.

- Hospitality Minnesota continued to emphasize that lodging taxes should remain tied to tourism promotion and visitor-economy purposes. That work remains ongoing. Local revenue tools can support destination development when properly structured, but they become counterproductive when disconnected from the visitor economy that generated them.

Liquor & Licensing - Progress Achieved

The omnibus liquor bill delivered practical licensing improvements.

- The final liquor package included several hospitality-relevant provisions, particularly for resorts, food halls, event settings, and certain local hospitality venues. The bill included county licensing flexibility for restaurants, clubs, hotels, and resorts in unorganized or unincorporated areas; seasonal licensing authority for restaurants, clubs, and resorts; malt liquor licensing flexibility for resorts; food hall licensing provisions; and several local or venue-specific license authorizations.
- This was not a complete modernization of Minnesota liquor law. But it was progress toward a more workable licensing environment.

Resort and seasonal licensing received needed attention.

- The liquor package recognized that destination hospitality often operates differently than year-round urban establishments. Seasonal licenses, resort service models, guest-based consumption, and rural licensing authority all matter to Minnesota's visitor economy.
- These are policies improving the hospitality climate because they align licensing tools with actual guest-service models.

Food hall and shared-premises models received additional clarity.

- The food hall provisions reflect continued movement toward licensing rules that account for modern hospitality formats. Shared spaces, food halls, mixed-use developments, and entertainment districts require regulatory models that preserve oversight without making ordinary guest service unworkable.

Liquor & Licensing - Ongoing Challenges



Hospitality Minnesota President & CEO Angie Whitcomb testified regarding the temporary liquor posting authority issue.

CONCERN: Minnesota liquor law remains fragmented.

- Despite practical improvements, Minnesota liquor law remains highly localized, exception-driven, and difficult to navigate. Many operators still face a patchwork of license classes, municipal authorizations, statutory exceptions, and operational restrictions.
- Further modernization remains necessary.

CONCERN: Social district flexibility did not fully advance.

- Hospitality Minnesota supported allowing social districts to be an option for all Minnesota communities. That broader policy did not become law.
- Social districts should be viewed as more than alcohol policy. Properly structured, they can help communities activate downtowns, support events, encourage foot traffic, and strengthen local hospitality economies. This remains an area requiring further reform.

Consumer & Commerce - Progress Achieved

Travel protection and lodging-related commerce provisions passed.

- The Commerce omnibus bill included language that prohibits sellers/solicitors of travel insurance or travel protection plans from selling or soliciting plans using a negative option that requires a consumer to de-select certain coverages when the consumer purchases a trip.
- For hospitality members, the practical value is clarity. Travel products increasingly involve bundled protections, cancellation policies, third-party platforms, and customer-facing guarantees. Clear rules and options can help consumers understand what they are buying and help operators understand their obligations.

Rental home marketplace guarantees were addressed.

- The Commerce bill also included the Rental Home Marketplace Guarantees Act. This is not the same as traditional hotel regulations and HM should be careful not to collapse those business models into one category.
- But short-term rental platforms affect the broader lodging marketplace, consumer expectations, and competitive dynamics. Regulation in this area should continue to distinguish between hotels, professional lodging operators, property managers, and platform-based rental arrangements.

Gift card fraud legislation passed separately.

- Gift card fraud was not included as a standalone provision in the Public Safety omnibus bill, but the separate gift-card-fraud measure was enacted as Chapter 74.
- For hospitality operators, this is a practical consumer and business protection measure. Gift cards are widely used in restaurants, hotels, resorts, and entertainment settings. Fraud in that marketplace harms consumers, undermines confidence, and imposes costs on operators.

Consumer & Commerce - Ongoing Challenges

CONCERN: Junk-fee and surcharge reform remains unresolved.

- Hospitality Minnesota continued to pursue a hospitality exemption to Minnesota's junk-fee law. That proposal did not pass.
- The question is not whether consumers deserve transparency. They do. The question is whether Minnesota's law treats restaurant and hospitality service models in a way that is administrable, coherent, and consistent with how hospitality businesses operate.
- California's decision to create a restaurant-related exemption demonstrates that consumer transparency and operational workability can coexist. Minnesota should move in the same practical direction: require clear disclosure, but do not force hospitality operators into a pricing structure that fails to account for service charges, surcharges, menu practices, employee compensation models, and customer expectations.

CONCERN: Surveillance-based price and wage discrimination legislation did not pass.

- Representative Greenman's proposal did not become law and does not appear to have been inserted into a final omnibus bill.
- The issue will likely return. Future versions may affect pricing tools, wage analysis, software-driven decision-making, automated systems, and customer-facing business practices. Hospitality Minnesota should continue monitoring this area closely and should insist that any regulation be administrable for small and mid-sized operators.

CONCERN: Municipal nondisclosure-agreement restrictions did not pass.

- Proposals to restrict municipal nondisclosure agreements in economic-development discussions were introduced but were not included in the final omnibus packages.
- This issue may not be hospitality-specific in the narrow sense, but it matters to the broader investment climate. Economic development, redevelopment, land use, major projects, and local negotiations can all affect hospitality districts, hotel development, convention activity, restaurants, and community growth.

Tourism, Public Safety & Economic Vitality - Progress Achieved

Outdoor recreation and destination infrastructure received funding.

- The Environment and Natural Resources Trust Fund bill invested in parks, trails, water access, outdoor recreation, resiliency, habitat, and related projects. Several appropriations support assets that help drive visitor traffic, including local parks and trails grants, Minnesota state trails development, accessibility improvements near the Boundary Waters, Tettegouche State Park bridge replacement, regional trail projects, water access improvements, and outdoor recreation enhancements.
- These investments matter to hospitality. Outdoor assets drive trips. Trips support hotels, resorts, campgrounds, restaurants, outfitters, breweries, main streets, and seasonal communities.

Community economic impact from crime received recognition.

- The Public Safety bill included victim-impact language allowing a representative of an affected community to describe the adverse social or economic effects of an offense on residents and businesses operating in the community where the offense occurred.
- That recognition matters. Crime and disorder affect more than direct victims. They affect employees, guests, neighboring businesses, foot traffic, insurance costs, and the willingness of people to visit commercial districts.

Tourism, Public Safety & Economic Vitality - Ongoing Challenges

CONCERN: Downtown and metro-area recovery remain unfinished.

- The Legislature did not fully resolve broader concerns around downtown vitality, Metro Surge business relief, and the operating effects of crime, disorder, reduced foot traffic, and public-safety concerns in key commercial districts.
- Hospitality Minnesota will continue making the case that public safety, cleanliness, transit access, and district management are all part of the hospitality operating climate.

CONCERN: Tourism promotion requires continued protection.

- Hospitality Minnesota's agenda included protecting the proper use of existing lodging taxes. That remains an ongoing priority. Lodging taxes should support tourism promotion and destination development, not become a general-purpose revenue source disconnected from the visitor economy.



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