



GOVERNMENT RELATIONS UPDATE

ADVOCATING FOR MINNESOTA'S HOSPITALITY INDUSTRY

By Jill Sims • May 23, 2024

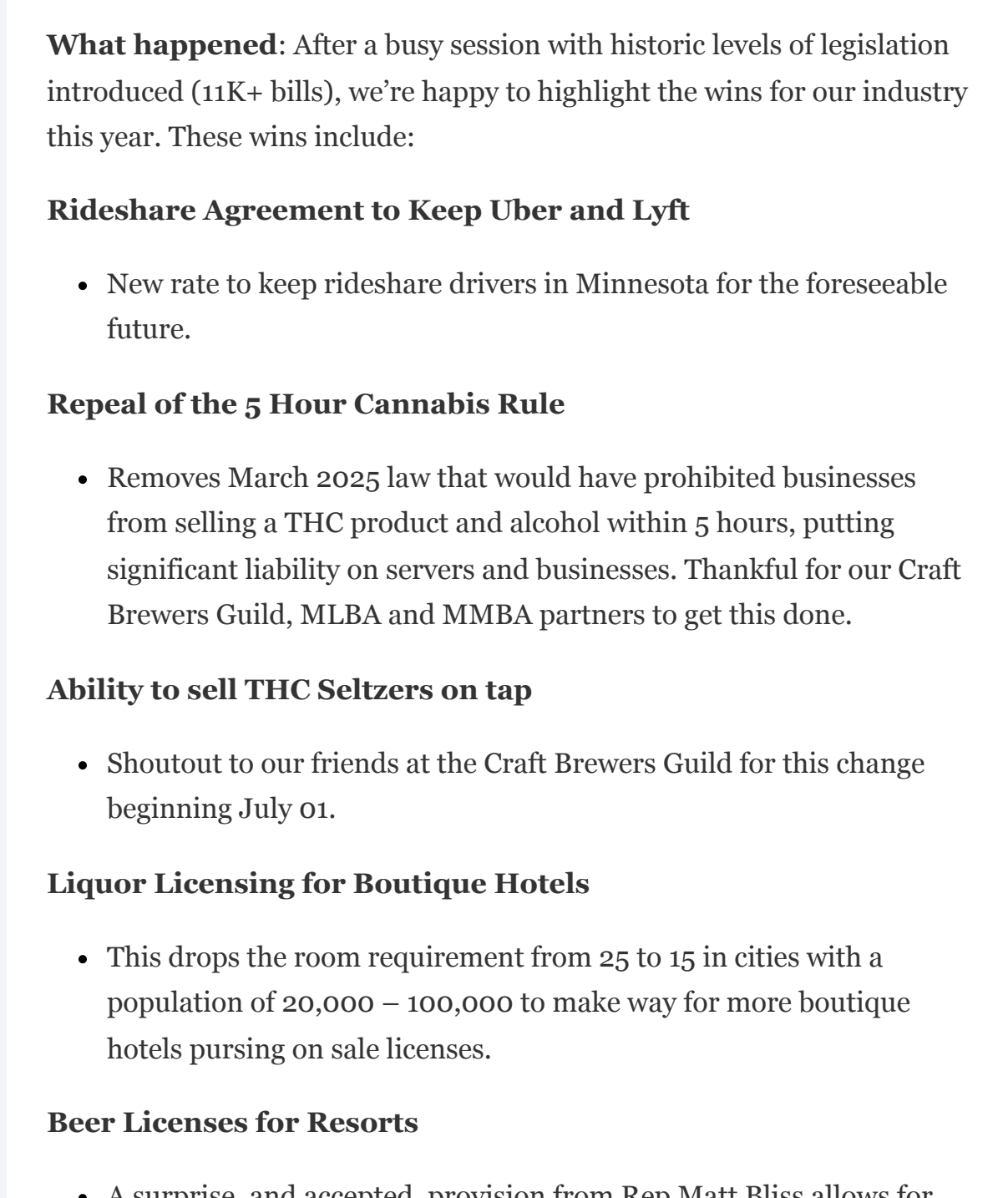
Smart Brevity® count: 4.5 mins...1208 words

From the Desk of Jill Sims: In the words of Elle Woods, "We did it!" - the ninety third legislative session (2023-2024) officially came to a close on Monday. Clocking in at a record 11,023 bills - it was a legislative session for the books and ended in a chaotic spectacle of legislators yelling in the midnight hour on Sunday. Read on to learn about hospitality wins, rideshare will remain, junk fees legislation is now law and what did not make the cut. *Bonus for everyone* - Governor Walz says no special session. Legislature will be back January 14, 2025.

As for the Government Relations team, I'll be taking off a few days to catch up on sleep and well, Kaleb may not be getting any sleep as he's still out on paternity leave. I'll be back in the middle of next week, Kaleb returns June 3. Rolling into MDW, welcome to summer!

Of special note: Our GR Update cadence will go from weekly to biweekly while out of session.

Legislative Wins for Hospitality



Hospitality Minnesota and Greater Mankato Growth team up to assist dual member, Arch and Cable, testify in favor granting liquor licenses for boutique hotels on March 19, 2024.

What happened: After a busy session with historic levels of legislation introduced (11K+ bills), we're happy to highlight the wins for our industry this year. These wins include:

Rideshare Agreement to Keep Uber and Lyft

- New rate to keep rideshare drivers in Minnesota for the foreseeable future.

Repeal of the 5 Hour Cannabis Rule

- Removes March 2025 law that would have prohibited businesses from selling a THC product and alcohol within 5 hours, putting significant liability on servers and businesses. Thankful for our Craft Brewers Guild, MLBA and MMBA partners to get this done.

Ability to sell THC Seltzers on tap

- Shoutout to our friends at the Craft Brewers Guild for this change beginning July 01.

Liquor Licensing for Boutique Hotels

- This drops the room requirement from 25 to 15 in cities with a population of 20,000 - 100,000 to make way for more boutique hotels pursuing on sale licenses.

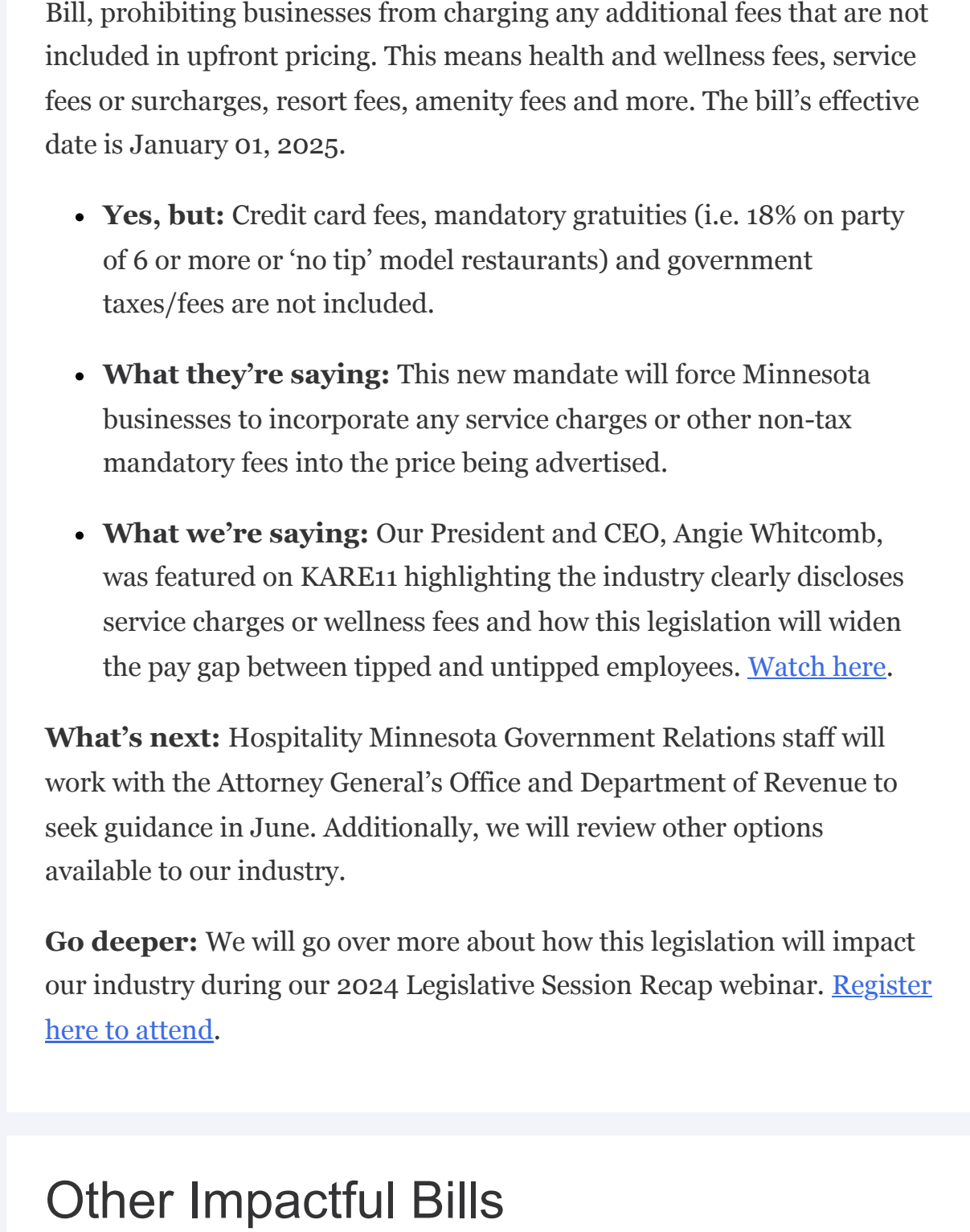
Beer Licenses for Resorts

- A surprise, and accepted, provision from Rep Matt Bliss allows for on-sale beer sales at resorts.

Social Districts for Shakopee and Stillwater

- Another surprise, in final negotiations, lawmakers from Shakopee and Stillwater secured pilot projects for both cities to test social districts in late summer 2025

Reliable Rideshare to Remain in Minnesota



Senator Omar Fateh meeting with rideshare advocates after rideshare bill passage this weekend. Photo courtesy of MN Senate Media on Twitter (X).

The art of the deal: Facing immense pressure after 18 months, lawmakers reached a deal that will keep Uber and Lyft in Minnesota. The 11th-hour deal was brokered by legislators, Minneapolis Council Members, Governor Walz, drivers and the rideshare companies.

The new rates: Under this deal rideshare drivers will now make a minimum of \$1.28 per mile and 31 cents per minute. Rideshare driver wages are expected to increase between 15-20%; which may also increase consumers costs. This will take effect December 01, 2024.

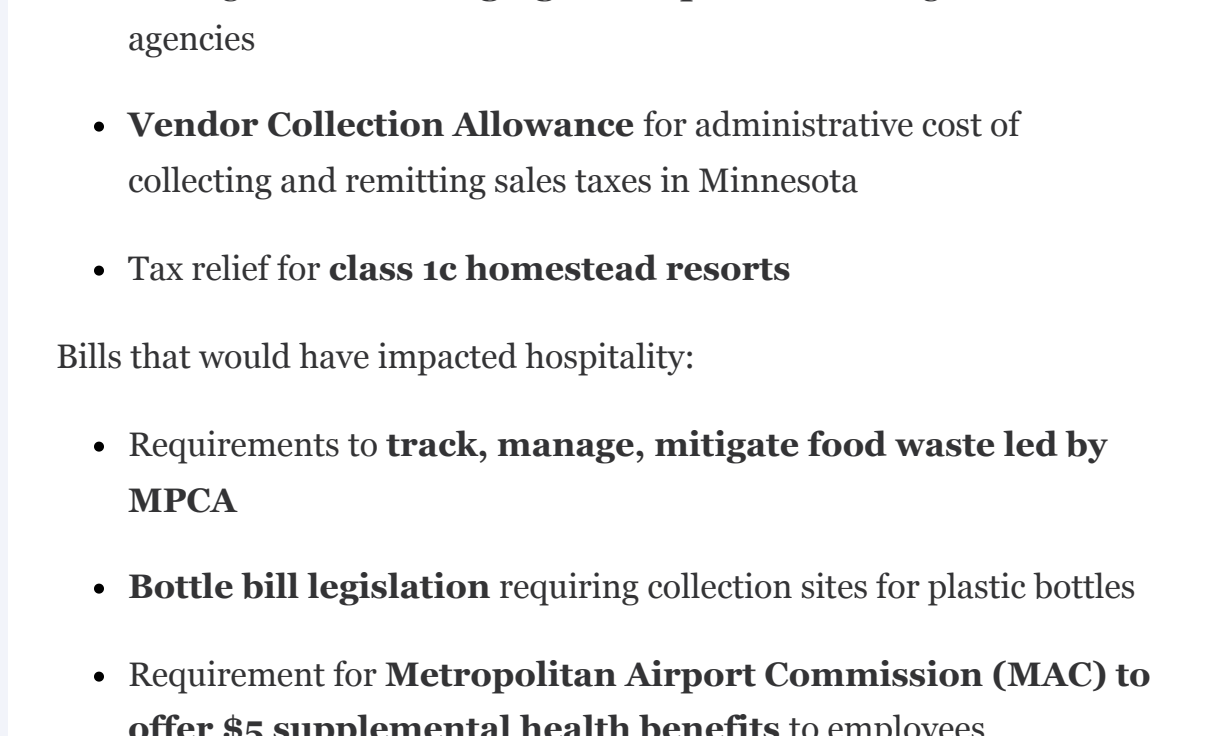
What this means for Minneapolis: This legislation preempts the ordinance passed by the Minneapolis City Council, which would have required rideshare companies to pay drivers at least \$1.40 per mile.

- **Yes, and:** Despite the lower rates compared to the Minneapolis city ordinance, this still amounts to a 20% increase in driver pay and the strongest insurance provisions for rideshare drivers in the entire country.

The bottom line: Both Uber and Lyft have confirmed that they are staying in Minnesota, but prices for consumers may increase.

- **What they're saying:** While riders may experience some price increases, the compromise brokered by the governor allows the companies to continue operating across the state.

Governor Walz Signs Junk Fees Legislation



Governor Walz signs HF3438 into law on May 20, 2024, with bill supporters present.

On Monday, Governor Walz signed **HF 3438**, aka the "Junk Fees" Bill, prohibiting businesses from charging any additional fees that are not included in upfront pricing. This means health and wellness fees, service fees or surcharges, resort fees, amenity fees and more. The bill's effective date is January 01, 2025.

- **Yes, but:** 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.

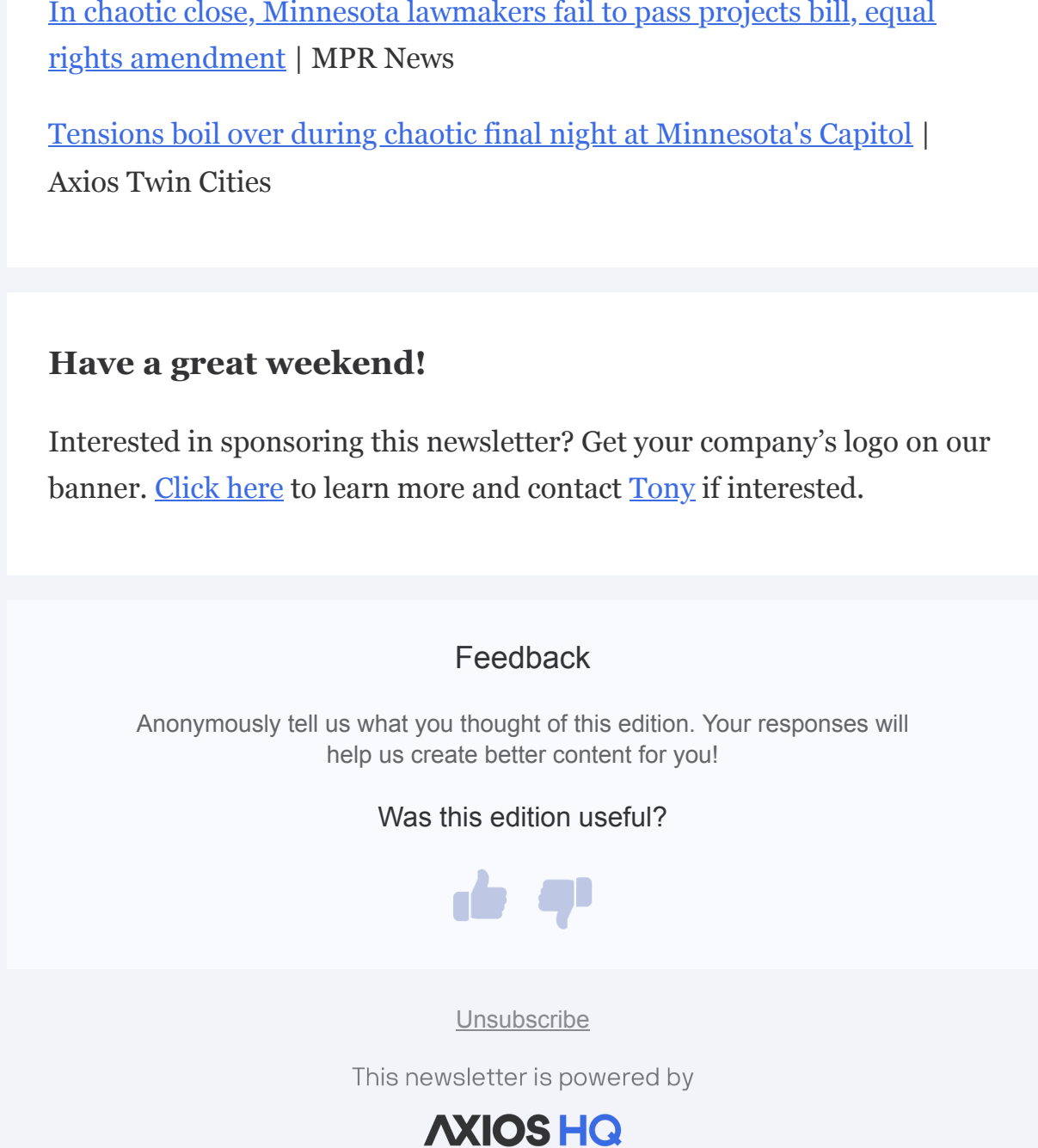
- **What they're saying:** This new mandate will force Minnesota businesses to incorporate any service charges or other non-tax mandatory fees into the price being advertised.

- **What we're saying:** Our President and CEO, Angie Whitcomb, was featured on KARE11 highlighting the industry clearly discloses service charges or wellness fees and how this legislation will widen the pay gap between tipped and untipped employees. [Watch here.](#)

What's next: Hospitality Minnesota Government Relations staff will work with the Attorney General's Office and Department of Revenue to seek guidance in June. Additionally, we will review other options available to our industry.

Go deeper: We will go over more about how this legislation will impact our industry during our 2024 Legislative Session Recap webinar. [Register here to attend.](#)

Other Impactful Bills



A lot happened in the final days of session, including the passage of a mega omnibus that was 2,800+ pages! While we dig through what did and did not get included ahead of our June 6 webinar, here are some other key provisions:

- **Paid Family Medical Leave** program changes
- Updates to **Earned Sick and Safe Time** laws
- Requirement to **disclosure salaries for all job postings**
- Establishment of **Data Consumer Privacy Act**
- **Extended Producer Responsibility (EPR)** program governing regulations on recycling beginning October 1, 2028
- Changes to **worker misclassification**, mostly impacting construction
- Funding to **stop invasive carp** at Lock and Dam 5 in the Mississippi River
- **Budget bills** for environment, education, jobs, and public safety

What didn't pass this year

Supporters of a proposed equal rights constitutional amendment gather in front of the House Chamber Friday, May 17, in anticipation of a floor vote on the bill later in the day. (Photo by Andrew VonBank)

Requests from the hospitality industry:

- State based **business relief loans** for those impacted by lack of snow and ice
- **Statewide social districts** or changes to non-contiguous liquor licensing
- Closing the **online lodging tax loophole** benefiting online travel agencies
- **Vendor Collection Allowance** for administrative cost of collecting and remitting sales taxes in Minnesota
- Tax relief for **class 1c homestead resorts**

Bills that would have impacted hospitality:

- Requirements to **track, manage, mitigate food waste led by MPCA**
- **Bottle bill legislation** requiring collection sites for plastic bottles
- Requirement for **Metropolitan Airport Commission (MAC) to offer \$5 supplemental health benefits** to employees
- **Unemployment insurance for striking workers**

Other big bills that didn't make it:

- **Disclosure of corporate tax returns** for corporations generating \$250M+ of income
- **Bonding bills** with many local projects (no cash or GO bonding)
- Constitutional Amendment establishing **Equal Rights Amendment** protections.
- **Ranked Choice Voting**

What's Next - Legislative Session Recap on June 6

Operating Now
Stay up to date on everything hospitality

BROUGHT TO YOU BY:

2024 Legislative Session Recap
Hosted by Hospitality Minnesota
Thursday, June 6, 2024 | 9:30 AM

Join Jill Sims, Director of Government Relations and Kaleb McCulloch, Government Relations Manager for a look back at the 2024 Legislative Session on Thursday, June 6, 2024 at 9:30 AM.

- **What to expect:** Review key takeaways for the hospitality industry and an opportunity to get your thoughts and answer questions.
- **Why it matters:** Understanding the outcomes of the 2024 Legislative Session is crucial as it impacts our industry, and your insights could help shape our future strategies.

[Register Here!](#)

Beyond the Headlines: Minnesota's Political Landscape

[What Minnesota's new 'junk fees' law means for purchases — and tipping at restaurants](#) | Star Tribune

[In chaotic close, Minnesota lawmakers fail to pass projects bill, equal rights amendment](#) | MPR News

[Tensions boil over during chaotic final night at Minnesota's Capitol](#) | Axios Twin Cities

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