



## GOVERNMENT RELATIONS UPDATE

ADVOCATING FOR MINNESOTA'S HOSPITALITY INDUSTRY

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By Hospitality Minnesota • Nov 07, 2025

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**Happy Friday!** This week, Minnesota voters made their voices heard at the polls. As we look ahead to the legislative session and navigate ongoing federal challenges, Hospitality Minnesota remains committed to advocating for our industry. In this week's Government Relations Update, we're covering the impacts of Tuesday's election results, the ongoing federal government shutdown, and Minneapolis' proposed franchise fee increase.

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## Tuesday's Elections: What the Results Mean for Hospitality



**The big picture:** [Minnesota voters participated in municipal elections and special legislative races on Tuesday, November 5](#), with results that will impact the hospitality industry at both the state and local levels.

**Minneapolis update:** Minneapolis Mayor Jacob Frey secured a third term, defeating challenger Omar Fateh in the second round of the election's ranked-choice voting.

- **Go deeper:** While Frey led with 42% of first-choice votes on Tuesday night, he did not reach the required 50%-plus-one threshold to win outright. After second-choice votes were tabulated on Wednesday, Frey won with 50.03% (73,723 votes) to Fateh's 44.37% (65,377 votes). The election saw record turnout, with 55% of registered voters participating.

- **What's next for Minneapolis:** Frey will continue to work with a City Council that leans to his left on many issues.

**History made in St. Paul:** Representative Kaohly Her defeated incumbent Mayor Melvin Carter, becoming the first woman and first Hmong-American to lead the capital city.

**At the state level:** Two special Senate elections reshaped the legislative balance.

- The DFL won Senate District 47 in Woodbury, with Amanda Hemmingsen-Jaeger defeating Republican Dwight Droau 62% to 38%.
- Meanwhile, Republican Michael Holmstrom won Senate District 29 in Wright County by 24 points.

**What this means for the state legislature:** These results give the DFL a narrow 34-33 majority in the Senate, while the House remains evenly split between parties.

- **Why it matters:** With the DFL holding a one-seat Senate majority and the House evenly divided, the 2026 legislative session will require bipartisan cooperation to advance any legislation. For the hospitality industry, this balanced power structure means our advocacy efforts will be crucial in shaping policy outcomes on issues like labor laws, taxation, and regulatory relief.

## Federal Government Shutdown Continues to Impact Hospitality Sector



**What's happening:** The federal government shutdown, which began October 1, is now in its fifth week and is [having significant economic consequences for the hospitality industry nationwide](#) and here in Minnesota.

**The impact:** According to the American Hotel & Lodging Association (AHLA), the shutdown has resulted in an estimated \$650 million in lost hotel business as of late October, with each day costing the economy \$31 million in activity that would have been generated by hotel stays.

- **Yes, and:** Tourism and hospitality sectors are experiencing canceled bookings, declining consumer confidence, and reduced travel planning as economic uncertainty grows. With approximately 900,000 federal workers furloughed and another 700,000 working without pay, consumer spending across all sectors is being affected.

**HM's role:** Hospitality Minnesota is continuing to monitor the federal shutdown and its evolving impacts on our members' businesses. We are tracking developments related to federal programs, tourism disruptions, and economic indicators that affect the hospitality industry.

- **Stay tuned for potential advocacy opportunities:** As the situation continues, we will keep members informed of any significant changes or opportunities for advocacy.

## Minneapolis Franchise Fee Increase



**What's new:** The Minneapolis City Council is [considering a proposed ordinance](#) (introduced October 9) to increase franchise fees on gas and electric bills.

- **What's at stake:** Under the proposal, franchise fees would increase by half a percentage point for all customer classes. The proposal would steer proceeds from those increased fees to programs that help property owners finance improvements to boost energy efficiency and decrease emissions.

**Why it matters:** While the increase may be modest for residential customers (approximately \$10 annually for the average household), commercial customers—including restaurants, hotels, and other hospitality businesses—face significantly higher costs.

- **What they're saying:** According to Council Member Katie Cashman, who authored the ordinance, larger buildings that use more energy will see the greatest impact. This comes on top of a 40% increase in franchise fees that Minneapolis businesses have already absorbed since 2023.

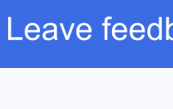
**HM is taking action:** Hospitality Minnesota has written a formal letter to the Minneapolis City Council expressing concern about the cumulative burden these fee increases place on hospitality businesses.

- **Our request:** We have asked the Council to reconsider the increase, highlighting that many of our members are still recovering from pandemic impacts while navigating rising operational costs. We continue to monitor this issue and will keep Minneapolis-area members updated on developments.

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

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