



GOVERNMENT RELATIONS UPDATE

ADVOCATING FOR MINNESOTA'S HOSPITALITY INDUSTRY

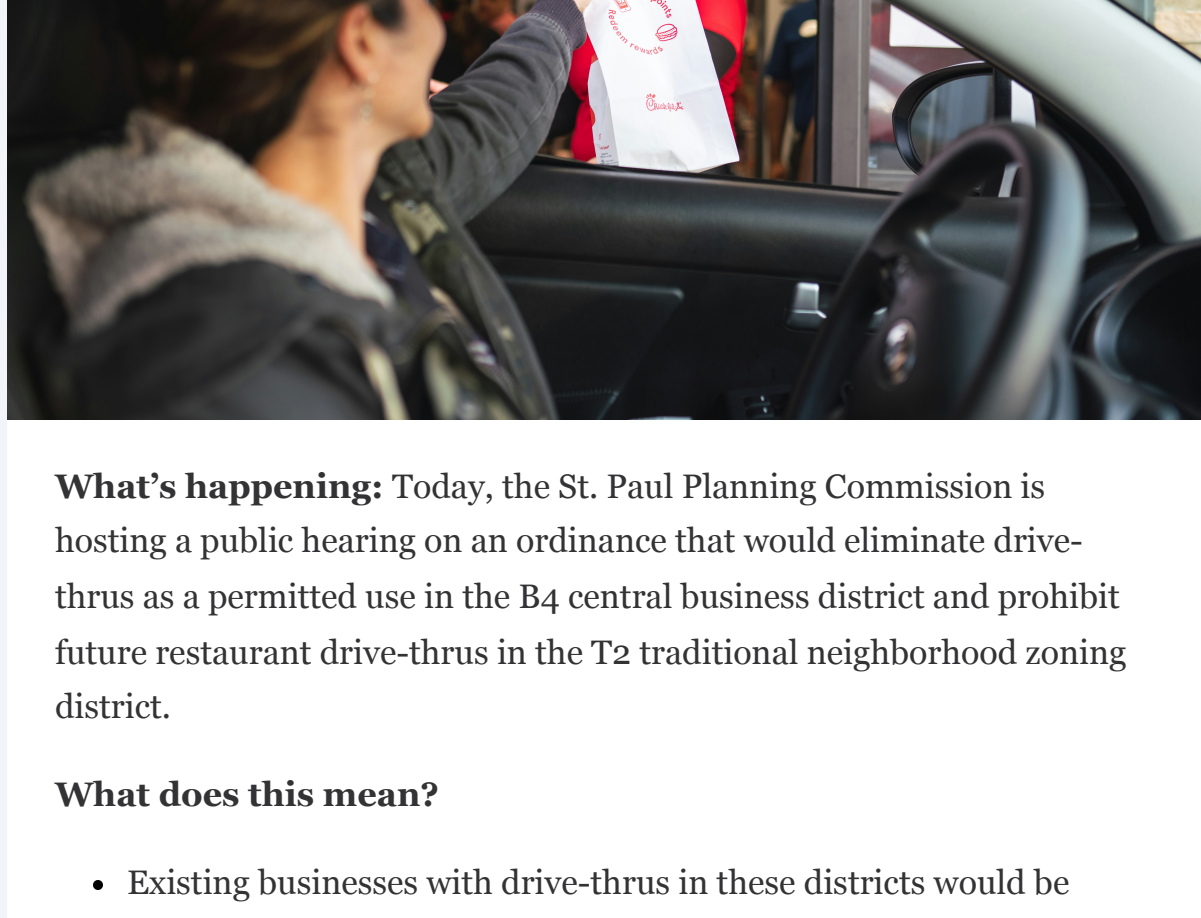
By Jill Sims • Jun 07, 2024

Smart Brevity® count: 4 mins...1063 words

From the Desk of Jill Sims: Welcome to summer! The legislature has wrapped but federal and local activity has continued to push on. Read more to learn about Saint Paul considering banning drive thrus, updates to paid leave, the DOL overtime rule and increasing the visa worker cap. If you missed our 2024 Legislative Recap yesterday, log in to the member portal for the recording and slides.

Hot topic to go: lots of questions and uncertainty around junk fees, please know we are working with state agency partners to get clarification on implementation. We anticipate more information by late summer – more to come later this month.

Saint Paul Considers Changes to Drive Thru



What's happening: Today, the St. Paul Planning Commission is hosting a public hearing on an ordinance that would eliminate drive-thrus as a permitted use in the B4 central business district and prohibit future restaurant drive-thrus in the T2 traditional neighborhood zoning district.

What does this mean?

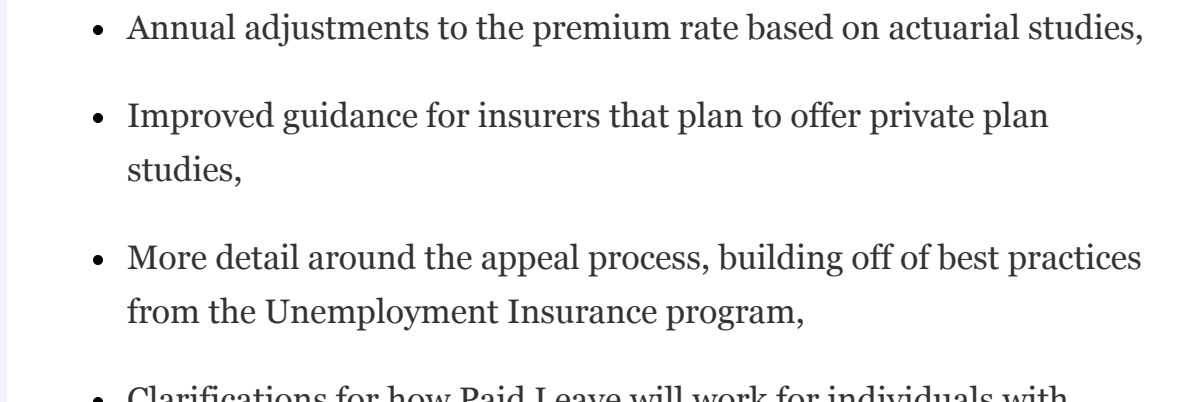
- Existing businesses with drive-thrus in these districts would be grandfathered in, and any changes made to the building could put their grandfathered status at risk.
- No new businesses in these districts would be able to include a drive-thru but could instead have a walk-up window.

What they're saying: The city's report states that doing this would help them become less dependent on cars and make the city more pedestrian friendly. They also claim that having less cars idle in a drive-thru will reduce the amount of emissions in the environment and would reduce the amount of congestion on roads.

Hospitality Minnesota testified on behalf of their St. Paul membership, highlighting the potential impacts this would have, including a loss of new businesses who are switching to a drive thru model, the inability of current operators to remodel their buildings, and the impact to consumers who rely on the drive thru models.

What's next: If approved by the Planning Commission, the ordinance will go to the City Council for further consideration before a vote.

Updates to Minnesota's Paid Leave Program



A Paid Leave Bill led by the Department of Employment and Economic Development (DEED) was passed during the 2024 legislative session and signed by the Governor. The changes were primarily technical edits and not changes to the fundamentals of the program.

The changes include:

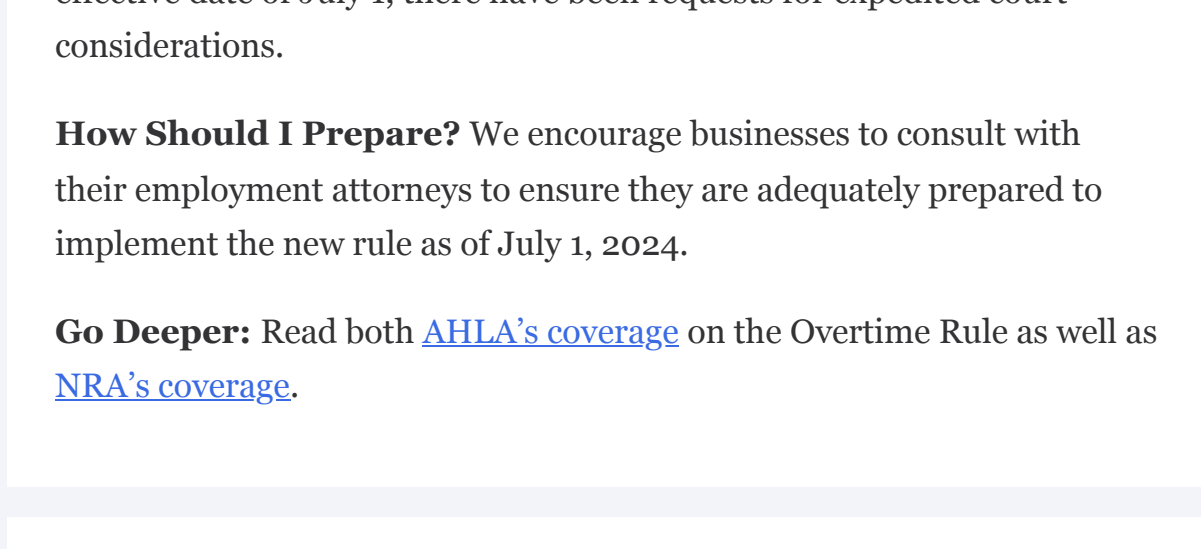
- Simplified approach to small employer premium rates,
- Annual adjustments to the premium rate based on actuarial studies,
- Improved guidance for insurers that plan to offer private plan studies,
- More detail around the appeal process, building off of best practices from the Unemployment Insurance program,
- Clarifications for how Paid Leave will work for individuals with multiple employers,
- Clearer rulemaking direction around safety leave applications and certification,
- Clearer guidance for technical concepts in the law.

To note: an adjustment to the payroll tax increased the tax rate from .70% to .88% based on an actuarial analysis.

What's next: DEED is collecting comments on June 18 on the process for verifying that an individual works in seasonal hospitality. On June 20, they will be seeking input on the Role of the Employer and questions like 'how and when employers should be notified about an applicant's leave' and 'what information should be shared'. They will also be hosting 'all topics' sessions in July along with opportunities to comment on the rules this fall once they are drafted.

- To register for a virtual listening session,** use [this form](#) to select the listening session to attend and provide your contact information. You can also comment directly through the Office of Administrative Hearings website [here](#).

Lawsuits Filed to Stop DOL Overtime Rule



In less than 30 days, the new Department of Labor (DOL) overtime rule is set to take effect on July 1, 2024.

- This rule increases the minimum salary threshold under which all employees must be paid overtime for any hours worked over 40 in a week. We anticipate this to have a widespread impact on the hospitality industry.

What's the new overtime rule? The [new DOL rule](#) increases the salary threshold to \$43,888/year starting July 1, 2024 with a subsequent raise to \$58,656 starting January 1, 2025. This is a significant increase from the current salary threshold of \$36,568. The rule also includes an auto-inflator that would automatically raise the threshold every three years.

What's next: Multiple separate lawsuits have been filed challenging the rule, including lawsuits signed on to by partners at the American Hotel and Lodging Association and National Restaurant Association. Due to the effective date of July 1, there have been requests for expedited court considerations.

How Should I Prepare? We encourage businesses to consult with their employment attorneys to ensure they are adequately prepared to implement the new rule as of July 1, 2024.

Go Deeper: Read both [AHLA's coverage](#) on the Overtime Rule as well as [NRA's coverage](#).

Increasing Visa Cap Annually to Meet Workforce Needs



This week, the House Appropriations Subcommittee for the Department of Homeland Security (DHS) passed the FY 25 DHS funding bill, which extends the existing discretionary language that allows the Secretary of Homeland Security to release 64,716 additional visas.

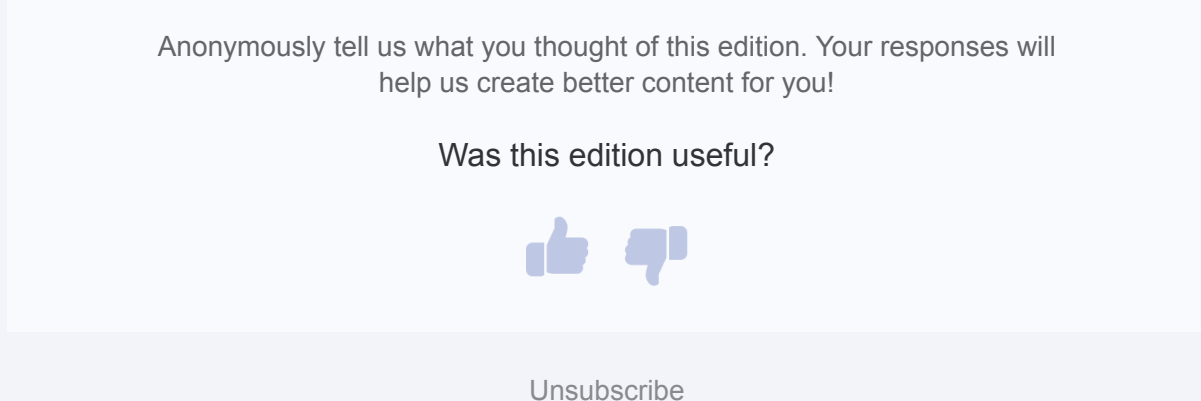
What's happening: The American Hotel & Lodging Association (AHLA) has been working with their allies in the business community on a critical fix to the language that is necessary to ensure the cap is increased annually to meet workforce needs.

- The fix:** Passing an amendment to change the word "may" to "shall". This would indicate that the Secretary of Homeland Security must release additional visas each year and remove the element of discretion.

What's next: The full Appropriations Committee plans to take up the bill on June 12.

- How you can help:** [Click here](#) to contact your Representative and encourage them to introduce an amendment to the Homeland Security Appropriations bill that changes the word "may" to "shall"

Hospitality Minnesota's 2024 Legislative Recap



Hospitality Minnesota hosted their 2024 Legislative Recap on Thursday, June 6 and discussed the bills that were covered throughout the 2024 legislative session.

Missed it? [Log on to the member portal](#) to access the recording.

Beyond the Headlines: Minnesota's Political Landscape

- [State's e-bike online rebate application crashes](#)
- [Marijuana, hemp industries go to battle in farm bill](#)
- [Drought eliminated from Minnesota for the first time in two years](#)

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