

Hospitality Minnesota Legislative Update

September 18, 2023

5:00PM

Agenda

- **Welcome and Introduction**
 - Angie Whitcomb, President & CEO
 - Jill Sims, Director of Government Relations
- **State of the Association**
- **2023 Legislative Session Review**
- **Upcoming Events**
- **Q & A Session**

**Welcome, Angie Whitcomb
President & CEO**





Hospitality MINNESOTA

THE LODGING, RESTAURANT, RESORT AND
CAMPGROUND ASSOCIATION

State of the Association

2023 Legislative Session Review

- **Led by Democrat control ('trifecta')**
- **6500+ bills introduced**
- **Historic changes passed this session**
 - Record funding for education, environment, public safety and housing.
 - Passed nation's most expansive Paid Family Medical Leave bill.
 - Legalized adult-use cannabis.
- **Budget year – \$18 billion surplus**
 - \$12.5 billion is one-time money. New budget begins on July 1, 2023.
 - \$72B budget for FY24/25; vs general fund spend of \$56B for FY22/23.
- **Reconvene February 12, 2024**
 - Bills not passed this year can roll over to next year.



2023 Hospitality Minnesota Legislative Priorities

- **Workforce Investment – WIN!**

- ✓ Online Hospitality Training Program
- ✓ ProStart and HTMP Program Grant

- **Explore Minnesota Tourism Funding – WIN!**

- **Employer Mandates – PASSED**

- ✓ Earned Safe and Sick Time (ESST)
- ✓ Paid Family Medical Leave

- **Federal Tax Conformity – WIN!**

- **Property Tax Relief**

- **Defending the Lodging Tax – WIN!**

- **Sales Tax on Restaurant Equipment**

- **Hotel Regulation – PASSED**

- ✓ Carbon Monoxide Alarms
- ✓ Hotel Licensing

- **Drivers Licenses for All – WIN!**

- **Sustainability**

- **Post Labor Day School Starts – WIN!**

Hospitality Minnesota Engagement at the Capitol

- **Testimony by the numbers:**
 - **25** by Hospitality Minnesota Members
 - **20** by Hospitality Minnesota Staff
- **Grassroots tool (Phone2Action):**
 - **265** advocates made **741** connections over **6** campaigns
- **3 – Priority bills**
 - \$250,000 ProStart/HTMP Grant – **PASSED!**
 - \$375,000 Online Hospitality Training – **PASSED!**
 - Restaurant Equipment Sales Tax Exemption
- **2 – Days at the Capitol**
 - March 1 & March 15
 - **60+** industry attendees
- **1 – Legislative Luncheon**
 - **50+** legislators attended



Hospitality Minnesota Led Bills (3)

- **ProStart/HTMP Appropriation (HF1240/SF1578) – PASSED!**
 - \$250,000 for FY2024 to the ProStart and Hospitality Tourism Management Program.
 - Included in Jobs, Economic and Labor Omnibus bill.
 - Appropriation will go to Hospitality Minnesota Education Foundation.
- **Online Hospitality Training (HF1241/SF2303) – PASSED!**
 - \$350,000 appropriation in FY2024 and \$25,000 annually thereafter for an online hospitality training program (modeled after South Dakota).
 - Included in Jobs, Economic and Labor Omnibus bill.
 - Appropriation will go to University of Minnesota Extension Tourism Center.
- **Restaurant Equipment Sales Tax Repeal (HF893/SF2124) – Did not pass**
 - Exempts “machinery and equipment used by restaurants in the furnishing, preparing, or serving or prepared foods” from sales tax. Up front cost-savings beginning July 1, 2023.
 - Challenge: Tax bill was forced to raise revenue and could not consider many sales tax repeals (for example, baby product exemption was removed from tax bill).



Drivers Licenses for All

- **Allows anyone to obtain a drivers license, regardless of immigration status.**
 - Ensures employees a safe and reliable way to connect with employers.
 - Applicants must be 21 or older, prove their identity, pass the vision test and pass the written and driving tests.
 - Requirements for applicants between 16-21 are different.
 - Allows all drivers to have valid insurance.
 - If individuals simply want an ID but not driving credentials, tis will allow them to do that.
 - **Effective October 01, 2023.**
- Why did we engage?
 - Long supported by Hospitality Minnesota through our immigration reform policies.

Undocumented immigrants could get licenses under proposed bill

Callan Gray KSTP
January 13, 2023 - 7:52 PM

"Driver's license for all is an important component to eliminating obstacles for workers to safely and reliably connect with their employer," said Jill Sims with Hospitality Minnesota.

9:22 AM
Saved to this PC

Jill Sims
6:11
17°
5 EYEWITNESS NEWS
DRIVERS LICENSES FOR ALL
MN House Tuesday, January 10, 2023

\$0.50 Retail Delivery Fee

■ Road Maintenance Fee

- Established \$0.50 fee on retail deliveries over \$100.
 - Food orders are **excluded**. – **WIN!**
- Fee remitted by the retailer; can cover or charge consumer.
- Funds will go to transit specific funding.
- Effective July 01, 2024.

■ No Delivery Tax Coalition

- Hospitality Minnesota co-led No Delivery Tax Coalition:
 - Direct lobbying.
 - Testimony.
 - Tremendous media engagement.
 - Hosted press conference and Capitol Rally.
 - Ran digital, print, radio ads.
 - Letter's to the editor/Op-Ed's.



Uber & Lyft Bill – VEOTED BY WALZ

- **Transportation Network Company (TNC) Driver Protections**
 - Establishes minimum payment requirements for TNC drivers.
 - \$5 minimum fee per ride.
 - \$1.45 per mile and \$0.34 per minute in the 7 county metro area.
 - \$1.25 per mile and \$0.34 per minute in greater Minnesota.
 - Minimum rates to increase with inflation.
 - Drivers entitled to 80% of cancellation fees as well as \$1.25 per mile and \$0.10 per minute if the companies charge customers for a “long pick up”.
 - Establishes protections for drivers against wrongful deactivation.
 - Hospitality Minnesota has weighed in this will be very challenging for our employees and patrons.
 - Food delivery previously included, was carved out.

Minnesota Legislature approves minimum wage for Uber and Lyft drivers

BY: MAX NESTERAK - MAY 21, 2023 9:18 PM



Employer Mandates: Earned Sick and Safe Time

■ Earned Sick and Safe Time

- Earned Sick and Safe Time (ESST) is a paid leave program employers must provide to employees in Minnesota that can be used for certain covered reasons.
- ESST policies will go into effect on **January 01, 2024** for **all employees who work in Minnesota**.
- Employees are eligible for sick and safe time if they:
 - Work at least **80 hours in a calendar year** for an employer Minnesota.
 - Are not an independent contractor.
 - ***NOTE: There is no exclusion for part time or seasonal workers.***
- Employees earn **1 hour of ESST for every 30 hours worked**.
- Employees can earn a **maximum of 48 hours each year** unless the employer agrees to a higher amount.
- **Employers will pay the worker for their requested ESST at the payrate for that shift.** Tips do not have to be included in the ESST wage, though the employer may choose to included tipped wage.
- There are notification and reporting requirements to employees.

Employer Mandates: Earned Sick and Safe Time

- **What are the reasons an employee can take ESST?**
 - The employee's mental or physical illness, treatment of preventive care.
 - A family member's mental or physical illness, treatment, or preventive care.
 - Absence due to domestic abuse, sexual assault or stalking of the employee or a family member.
 - Closure of the employee's workplace due to a weather or public emergency.
 - Closure of a family member's school or care facility due to weather or a public emergency.
 - When determined by a health authority or health care professional that the employee or family member is at risk of infecting others with a communicable disease.
- **Who is considered a family member? In relation to the employee, family is considered a:**
 - Child, including foster child, adult child, legal ward, child for whom the employee is legal guardian or child to whom the employee stands or stood in loco parentis.
 - Spouse or registered domestic partner.
 - Sibling, stepsibling or foster sibling.
 - Biological, adoptive or foster parent, stepparent or person who stood in loco parentis when the employee was a minor child.
 - Grandchild, foster grandchild or step-grandchild.
 - Child of the sibling of the employee.
 - Sibling of the parents of the employee.
 - Child-in-law or sibling-in-law.
 - Any of the above family members of an employee's spouse or registered domestic partner.
 - Any individual related by blood or whose close association with the employee is equivalent of a family relationship.
 - Up to one individual annually designated by the employee.

Employer Mandates: Paid Family Medical Leave

■ Paid Family Medical Leave

- Paid Family Medical Leave (PFML) is a state-administered paid leave insurance program that funds partial wage replacement benefits for paid parental and family leave; and separately employee paid medical leave.
- Program begins **January 01, 2026** for payroll collection and eligibility of employees to take leave.
- Designed for employees to take “longer” outages from work – more than their ESST benefit.
- **All employees receive up to 20 weeks of total leave per benefit year** for qualifying leave.
 - Leave may be categorized under medical (for the employee) or family leave (employee’s family care).
- To fund the program a **0.7% payroll tax is collected all taxable wages**.
 - **Wages includes tips, housing, meals, and other benefits received by the employee.**
 - *Employers may “split” the 0.7% payroll tax 50/50 by charging the employee 0.35% on their paycheck.*
- Employer pays yearly premium on employee taxable wages to DEED.
 - The premium can be adjusted 1.2% per year by DEED.
 - Currently awaiting actuarial study to come back in October to help determine if the payroll tax rate is correct.

Employer Mandates: Paid Family Medical Leave

■ Paid Family Medical Leave

- Employees may take leave once they have sufficient wage credits (it is designed as a “portable” benefit).
- Employee requests leave through DEED; which certifies, approves and notifies the applicant (employee) and employer.
- Employee has **job protection 90 days after hire date**.
- Employee **reinstatement rights** include the **same shift** and **overtime**.
- Seasonal worker exemption for hospitality employees under **150** days, but have to meet threshold revenue formula. – **WIN!**
- Potential to see changes to the program in the 2024 or 2025 legislative sessions.
 - Hospitality Minnesota will be partnering with like-minded business groups to explore opportunities for flexibility for employers, especially around temporary, seasonal and part time workers.

NOTE: Hospitality Minnesota is hosting a webinar on this topic on **September 27** in partnership with **DEED**.

Cannabis/THC

■ Legalization of Cannabis

- Established regulatory framework for adult-use cannabis and lower-dose cannabinoid products use.
- Creates a statewide monitoring system to track all cannabis flower, cannabinoid products and artificially derived cannabinoids from seed or immature plant to disposal or sale to a customer.
- Permits cannabis use and possession for a **person age 21 years or older** beginning August 01.
- 10% tax rate on cannabis product sale (including low-dose THC products).
 - This tax rate went into effect on July 01, 2023.
- Private properties may prohibit smoking or use of cannabis.
- Limits employers testing capabilities unless job has certain requirements.
- Website launched: <https://cannabis.state.mn.us/>

THC Regulations:

- Allows for continued sale of “THC” products – known as edible cannabinoids.
- **All retailers selling must register with Minnesota Department of Health by October 01, 2023.**
- Requires cannabis retailers, microbusinesses with retail operations and lower potency edible product retailers to register with local unit of government. Registration fees are established in statute and renewed annually.
 - **This is expected to begin March 01, 2025** when transferred to Office of Cannabis Management.
- Regulatory oversight now established; licensing and inspections of manufacturing and retail facilities will be required. Currently under jurisdiction of Minnesota Department of Health.
- Cannot serve alcohol to someone you’ve served THC products to for 5 hours.

What's Next?

- **2024 Legislative Session**
 - Begins on February 12, 2024
 - Day at the Capitol: March 13, 2024 – JOIN US!
- **Hospitality Minnesota Priorities**
 - Working to establish priorities in September/October for 2024.
 - Issues impacting CMAA members:
 - Employer mandates
 - Gas powered lawn equipment ban
 - Artificial turf
 - Irrigation systems
 - Concerns by clubs?



Upcoming Events

- **Operating Now Webinars**
 - **September 27** – Paid Family Medical Leave
 - **October 03** – Cannabis: THC Products
- **Events**
 - **September 26:** Leadership Training at Performance Foods (Rogers)
 - **September 28:** Oktoberfest (Minneapolis)
 - **October 15 – 17:** Hospitality Minnesota Marketing Conference (Madden's Resort)
 - **November 1:** The FISH! Philosophy (Golden Valley)
- **Save the Date**
 - **March 13:** 2024 Day at the Capitol (St. Paul)



Operating Now
Stay up to date on everything hospitality

Hospitality MINNESOTA

Paid Family Medical Leave
Hosted by Hospitality Minnesota and MN DEED
Wednesday, September 27, 2023 | 9:30 AM

The graphic features a light blue background with a circular logo on the left containing the text 'Operating Now' and the tagline 'Stay up to date on everything hospitality'. The Hospitality Minnesota logo is in the top right. Below the text are several overlapping rectangular images showing various hospitality scenes like a chef, a hotel building, and a restaurant interior.



Hospitality MINNESOTA EDUCATION FOUNDATION **GREATER MINNEAPOLIS HOTEL ASSOCIATION**

Oktoberfest

September 28, 2023 - 4:30 PM - 7:00 PM
Finnegans Brew Company
817 5th Ave S
Minneapolis, MN 55404

Join us for live music, great beer, delicious food, and the chance to invest in the next generation of top chefs in support of scholarship funds for Minnesota students interested in a career in Hospitality.

The graphic has a light blue and white diamond-patterned background. It features the Hospitality Minnesota Education Foundation and Greater Minneapolis Hotel Association logos at the top. The word 'Oktoberfest' is written in a large, stylized, yellow and black font. Two beer mugs are on either side of the text. Below the main text is the event date, time, and location. At the bottom, there is a paragraph of text inviting attendees to support scholarship funds.

QUESTIONS & THANK YOU!

Questions?

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