

For the first time in a decade, Minnesota has a democrat (DFL) trifecta, meaning the DFL holds the Governor's Office, Senate and House. In early January, DFL leaders laid out their session priorities, including a number of social reforms. We expect priority bills to move quickly in the legislative session. The main task for odd legislative years is to craft the biennium budget (FY 2024-2025), which begins July 1, 2023. During this budget cycle Minnesota legislators are in the unique position of having a projected \$17.6B surplus to fund their legislative priorities.

Our 2022 [Economic Snapshots](#) indicated that the economic recovery remains mixed for our industry. Concerns about workforce shortage, COVID-driven debt, inflation, supply chain challenges, and proposed new costs for businesses threaten to dampen the pace and depth of the economic rebound. Our 2023 Legislative Agenda is built around ensuring opportunities to relieve long-term workforce shortage issues and to continue focus on post-pandemic recovery for all hospitality businesses through various forms of relief.

We anticipate we will be dealing with dozens if not hundreds of legislative issues that impact our industry this session. The following are the top issues we are preparing to weigh in on as the 2023 session is underway.

Workforce Investment We support workforce initiatives to promote hospitality training that will re-grow the workforce and build a stronger pipeline for the future. We are advocating at the Legislature for:

- **Online Hospitality Training Program** Support and fund an online hospitality training program modeled after a successful [South Dakota program](#);
- **ProStart and HTMP Program Grants** Provide resources to incentivize districts to retain and expand the ProStart and Hospitality Tourism Management programs at high schools in Minnesota.

Explore Minnesota Tourism Funding We support expanded funding for Explore Minnesota Tourism to be more competitive with surrounding states. The agency's budget has remained flat for several years. It's critical that additional resources are allocated to effectively promote tourism and travel and drive the industry's recovery in Minnesota.

Employer Mandates We support allowing small businesses to maintain flexibility in providing the best competitive wage and benefits packages they can to their employees as driven by market forces, including providing competitive paid leave benefits packages. We encourage government to work collaboratively with small businesses to find ways to provide incentives and support so that these enterprises can afford such programs while still remaining viable in the marketplace. With the hospitality industry still fragile and in recovery from the impact of the pandemic, small business owners are not in a position to shoulder new "One Size Fits All" mandates such as paid family leave, earned sick and safe time, predictive scheduling, or mandated wage changes.

Federal Tax Conformity We support the passage of legislation to create conformity between the state and the federal Internal Revenue Code (IRC) which does not tax emergency assistance payments from pandemic relief as income. Our member businesses have been impacted by state taxation of emergency relief funds such as EDIL Loan Advances, Restaurant Revitalization Fund and Shuttered Venue Grants. **WIN** – Signed into law by Governor Walz with HM invited to attend 1.12.2023

Property Tax Relief We support the elimination of the statewide property tax levy and will continue to work with our coalition partners to remove this tax. In the absence of a total repeal of this tax, we support exempting hospitality operators from the tax for 2 years, paid for not by other taxpayers, but from the historic budget surplus.

Defending the Lodging Tax We oppose attempts by local governments to redirect the lodging tax for general funding of government projects rather than its statutory purpose of promoting travel and tourism. We anticipate multiple challenges on this front in the coming session.

Sales Tax on Restaurant Equipment We support the repeal of the sales tax on restaurant equipment, as other manufacturing equipment is not taxed in Minnesota. Many foodservice operators have put off needed purchases over the past three years due to financial circumstances and repealing this tax would provide much-needed relief and could stimulate purchasing.

Hotel Regulation We oppose additional regulations on overnight accommodations. This includes allowing cities to require additional licensure and regulatory requirement on top of the longstanding state regulations and a new requirement to place carbon monoxide alarms in every room.

Drivers Licenses for All We support immigration reform that includes providing workers the opportunity to obtain driving credentials. Minnesota's hospitality industry is highly dependent on immigrant workers to staff our businesses, especially as the workforce shortage continues. Driving credentials for all workers will provide a safe and reliable opportunity for workers to connect with employers, in addition to aiding in supply chain and transportation relief challenges.

Sustainability We support the use of waste management and sustainability programs that can reduce what goes into the waste stream while reducing costs for hospitality businesses. While we oppose local and state bans and mandates, as an industry we are committed to seeking opportunities to understand and share sustainability practices that can benefit our businesses and customers alike.

Post Labor Day School Starts We oppose attempts to push school start in early to mid-August in the name of preparation for mandatory standardized tests. Data from several school districts who were granted early start did not see a noticeable change in test scores and returned to a traditional calendar. Given that a post-Labor Day school start increases the likelihood families taking a trip of two or more nights away from home, we oppose efforts to make changes to the traditional calendar.

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