

Minnesota has the only divided legislature in the country and is currently undergoing redistricting. Every legislator and constitutional officer will be on the ballot in the election next fall. While this is not a “budget” year and the state technically does not *have* to pass spending bills, legislators are in the unique position of having a \$7.7B surplus and an additional \$1B in federal funding available to aid in pandemic recovery.

Our December [Economic Snapshot](#) indicates that the economic recovery remains extremely fragile 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 2022 Legislative Agenda is built around this data and two principles:

- 1) Operators are not in a position to take on new cost burdens from the State in 2022; and
- 2) The recovery of the industry and the economy would be hastened by economic stimulus.

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 as the 2022 session begins.

Unemployment Insurance Fund We support the use of surplus funds and/or American Rescue Plan dollars to fund the \$2.5B needed to repay the federal government and replenish the UI Trust Fund rather than dramatically increasing payroll tax rates on businesses.

Restaurant Revitalization Fund Taxation We oppose State taxation of emergency relief funds such as RRF assistance. We support the passage of legislation to conform the state to the federal standard which does not tax such emergency assistance payments as income.

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

- Support and fund an online hospitality training program modeled after a successful [South Dakota program](#);
- Expand the Department of Labor’s Dual Training and Youth Skills programs to include the hospitality industry;
- Provide resources to incentivize districts to expand the ProStart and Hospitality Tourism Management programs at high schools in Minnesota.



Economic Stimulus We support targeted grant assistance to hospitality operators in need to stimulate the recovery of the hospitality economy. The State received over \$2.8B in American Rescue Plan funding and a portion of these funds should be directed to the recovery of the small businesses that lost the equivalent of up to 249 days of revenue due to government shutdowns and limitations, taking on significant losses. To date, the state has instituted no relief for overnight accommodations operators and limited relief for foodservice operators.

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 immediately, we support exempting hospitality operators from the tax for 2 years as proposed last session, paid for not by other taxpayers, but from ARP funds or the historic budget surplus.

Employer Mandates We oppose any additional mandates on employers at this time including mandated paid leave, earned sick and safe time, predictive scheduling, or mandated wage changes. 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.

Sales Tax on Restaurant Equipment We support the repeal of the sales tax on restaurant equipment. Other manufacturing equipment is not taxed in Minnesota. Many foodservice operators have put off needed purchases over the past two years due to financial circumstances, and repealing this tax would help foodservice operators in the recovery.

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.

Hotel Regulation We oppose additional regulations on overnight accommodations. Last session we fought back bills that would allow cities to require *additional* licensure and regulatory requirement *on top of* the longstanding state regulations and a new requirement to place carbon monoxide detectors in every single room. We anticipate a renewed effort on these bills.

Alcohol Policy We support alcohol policy that provides greater freedom to hospitality operators. We support operators' ability to sell alcohol to-go with food, as 35 states now allow. Additionally, due to the current constitutional litigation over Minnesota's "Coleman" law, there may be legislation this session that effects wholesale of spirits in Minnesota. We will be watching this closely and advocating accordingly.

Explore Minnesota Tourism Funding We support expanded funding for Explore Minnesota Tourism. The agency is requesting an additional \$6M in supplemental funding to promote tourism and travel recovery in Minnesota and we will be advocating for this appropriation as part of a coalition.

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