



Minnesota Chamber challenges Minneapolis paid sick time ordinance President Doug Loon highlights local ordinance as unworkable, unlawful

ST. PAUL – The Minnesota Chamber of Commerce today filed a lawsuit in Hennepin County District Court against the city of Minneapolis. The action challenges the Minneapolis paid sick time ordinance as unlawful on the grounds that it conflicts with existing state law. The action also asks a judge to prevent Minneapolis from enforcing the ordinance.

“The Minnesota Chamber supports businesses providing their employees with flexible, paid options for providing care to their families,” President Doug Loon said. “We oppose one-size-fits-all mandates, though. We believe employers should have the ability to develop paid leave policies that work for individual workplaces.”

“Minnesota law prohibits cities from enacting ordinances that conflict with state law – but that’s exactly what Minneapolis has done,” he added. “Regardless of how well intentioned the Minneapolis ordinance is, it’s unworkable and unlawful so we’ve asked the court to strike it down.”

The ordinance, scheduled to go into effect July 1, 2017, requires companies with six or more employees to provide paid sick and safe time to all employees who work within the city limits at least 80 hours within a year. Companies must comply with the ordinance even if they do not have a location in the city.

In addition to noting the legal flaws in the ordinance, Loon said the law is particularly troublesome in a variety of practical ways:

- One-size-fits-all mandates stifle the flexibility and creativity of businesses to best meet the needs of employer and employee alike. The Minnesota Business Barometer, commissioned by the Minnesota Chamber and Himle Rapp & Co., last year showed that almost three-fourths of those companies surveyed have adopted, or plan to adopt, paid time-off policies.
- The ordinance imposes significant administrative burdens on companies by requiring them to track exactly how many hours their employees work within the city limits and to pay lawyers to interpret the ordinance.
- Administrative burdens will become even greater if other cities enact their own varying ordinances, creating a patchwork of local laws that companies need to interpret and obey. The city of St. Paul also has enacted a paid sick time ordinance to take effect July 1, 2017, and Duluth is studying the issue.
- The ordinance extends far beyond the boundaries of Minneapolis. Companies that deliver goods and services into the city, who have employees who telecommute from Minneapolis, or who otherwise have employees who attend meetings and events in Minneapolis will find themselves subject to the ordinance – perhaps unwittingly.

Co-plaintiffs

Joining the Minnesota Chamber of Commerce as co-plaintiffs are Graco Inc., the Minnesota Recruiting and Staffing Association, Otagawa-Anschel General Contractors and Consultants LLC, the National Federation of Independent Business, and the TwinWest Chamber of Commerce. The wide range of plaintiffs demonstrates how broadly the negative impacts of the ordinance fall, Loon noted.

Graco underscored the headache of working with a patchwork of local ordinances.

"We developed an equivalent solution for paid leave in the 1990s, and it's been working great ever since," said Patrick J. McHale, Graco's President and CEO. "We move our employees between our locations across the metro, based on business needs. We're able to do that because our pay and benefits are the same. When cities enact different rules, it's no longer an option to move employees due to these differences in pay and benefits packages."

The Minnesota Recruiting & Staffing Association said the ordinance will hurt workers.

"Recruiting and staffing companies provide essential services to Minnesota's workers, including flexibility, choice in assignments, and a bridge to long-term employment," said Kathy Harrell-Latham, the association's director of public policy. "By putting unworkable burdens on Minnesota's recruiting and staffing companies, this ordinance would harm Minnesota's workers. The ordinance would require recruiting and staffing companies to provide a one-size-fits-all set of benefits to temporary workers even though the benefits package is up to the end employer."

The lawsuit parallels the Minnesota Chamber's efforts at the Legislature to make explicit the fact that state law preempts municipal regulation of wages and benefits. The Chamber will renew its efforts in 2017 following legislative inaction this year.

"We need consistent, statewide workplace regulations," Loon said. "However, mandates on everyday business operations are not appropriate coming from any level of government. Businesses across the state already are adopting paid leave policies designed to meet the particular needs of their enterprise and their employees. State and local policymakers should be encouraging this trend and not imposing a straightjacket with one-size-fits-all mandates."