

# Retail Policy Positions

~~2020~~ 2021 Legislative Session

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## Table of Contents

Overview .....	4
ATM Convenience Fees .....	<del>65</del>
Call & Data Centers.....	<del>65</del>
Campaign Finance/Ethics Reform .....	<del>65</del>
Civil Justice Reform.....	<del>76</del>
Competitive Swipe Card Fees.....	<del>87</del>
Credit Granting/Cost of Credit.....	<del>98</del>
Data and Information Security .....	<del>98</del>
Data Privacy.....	<del>109</del>
Drones/Unmanned Aircraft Systems (UAS).....	<del>114</del>
Electronic Product Code/RFID .....	<del>124</del>
Energy and Conservation Issues .....	<del>124</del>
Fireworks .....	<del>144</del>
Fraudulent Payment .....	<del>144</del>
Gift Cards/Unclaimed Property .....	<del>154</del>
Healthcare.....	<del>164</del>
Independent Contractors.....	<del>174</del>
Initiative and Referendum.....	<del>174</del>
Licensure/Certification .....	<del>184</del>
Non-Compete Agreements .....	<del>184</del>
Notice on Local Hearings Affecting Business Licenses .....	<del>194</del>
Organized Retail Crime.....	<del>204</del>
Pharmacy.....	<del>214</del>
PIN-Based Security.....	<del>232</del>
Placement of Products/Store Signage .....	<del>242</del>
Price Accuracy .....	<del>242</del>
Product Pricing .....	<del>252</del>
Product Safety.....	<del>252</del>
Product Stewardship/Extended Producer Responsibility.....	<del>262</del>
Property Taxes/Utility Fee.....	<del>282</del>
Restaurant And Retail Issues.....	<del>292</del>
Sales Taxes.....	<del>302</del>
School Start Date .....	<del>332</del>
Unemployment Insurance Fund Balance .....	<del>342</del>
Uniform Compliance Checks For Tobacco Products.....	<del>342</del>
Wages .....	<del>352</del>
Alcohol .....	<del>362</del>

Workforce Development.....	<del>37</del> <sup>36</sup>
Workplace Issues.....	<del>38</del> <sup>36</sup>

## Overview

The mission of the Minnesota Retailers Association (MnRA) is to promote, preserve and enhance the retail industry in Minnesota through the development of public policy. MnRA has carried out this mission for more than sixty years by taking a leadership role in promoting the importance of the retail industry and free market ideals.

Annually, MnRA surveys its members in order to gain insight into the issues facing retailers as they operate their businesses. MnRA's Legislative Affairs Committee meets to review survey results and adopt policy positions consistent with the mission of the association. The Committee then prioritizes the legislative policies for the upcoming session.

What follows are MnRA's policy positions on key issues impacting the retail industry. These principles serve as guidance to association leaders and staff as they address MnRA's legislative priorities at the capitol. For more information regarding legislative policies and priorities for this session, please contact MnRA at (651) 227-6631, online at [www.mnretail.org](http://www.mnretail.org), or via e-mail at [info@mnretail.org](mailto:info@mnretail.org).

### Legislative Priorities For ~~2020~~2021

~~Ensuring a fair, competitive sales tax environment~~

~~Promoting product and workplace consistency across the state~~

~~Combating organized retail crime~~

~~Aligning alcohol regulation with today's marketplace~~

~~Reducing prescription fraud and drug abuse~~

~~Enhancing renewable energy options~~

~~Vendor collection allowance~~

~~Organized retail crime~~

~~3.2 beer~~

~~E-Prescribing~~

~~Price gouging~~

~~Pandemic liability relief~~

~~Consumer data privacy~~

~~Economic inclusion~~

~~Access to renewables~~

~~Product and workplace liability~~

~~Sales tax fairness~~

## Issues To Watch For 2020

Telepharmacy

Dark Stores

~~Data Privacy~~

## Legislative Session Reports

Reports of legislative actions impacting retailers are available from MnRA.

## ATM Convenience Fees

Background	In the past legislation has been considered to ban ATM convenience fees. MnRA has argued that many retailers have ATMs in order to provide convenience to customers. In many cases, the retailers have invested in ATMs, have maintenance agreements, and must service the machine—including keeping cash in it.
Policy Position	<i>MnRA opposes:</i> <ul style="list-style-type: none"><li>Any ban or restriction on the use of fees on ATM machines.</li></ul>
Recent Legislative History	None.

## Call & Data Centers

Background	Legislation has been introduced in past legislative sessions requiring retailers using foreign call centers to identify their location and transfer the consumer to a domestic location upon request.
Policy Position	<i>MnRA opposes:</i> <ul style="list-style-type: none"><li>The regulation of customer call centers by the Legislature as it interferes with the ability of retailers to most efficiently serve their customers.</li><li>Changes to economic development programs designed to incent the location of retail data centers in Minnesota.</li></ul>
Recent Legislative History	In 2018, <del>and 2019</del> <u>and 2020</u> the Department of Revenue asked the Legislature to make changes to a previously passed data center incentive bill. That effort failed.

## Campaign Finance/Ethics Reform

Background	MnRA has monitored both campaign finance and ethics law changes for many years. Severe restrictions on campaign finance and overly burdensome ethics laws can inhibit the ability of associations and businesses to participate in the political process.
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Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"> <li>▪ Campaign finance laws that are reasonable, equitable and allow for participation in the democratic process.</li> </ul>
Recent Legislative History	<p>Court rulings over the past several years have allowed corporations more latitude in supporting candidates and elected officials.</p>

## Civil Justice Reform

Background	<p>Class action lawsuits over the years have grown to be another segment of the civil justice system that has fallen prey to gross abuses. Many times these class action lawsuits harm both businesses and consumers, resulting in inadequate remedies.</p> <p>Bills have been introduced granting an immediate appeal of class certification and a stay of proceedings while an appeal is pending. There have also been proposals to require minimum damages of at least \$1.00 to be a member of the class, and attorney fees and settlement reform.</p>
Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"> <li>▪ Tort reform legislation that will enhance fairness, timeliness, and cost effectiveness of the civil justice system.</li> <li>▪ Reducing Minnesota's statute of limitations for claims based on negligence from six years to three or four years.</li> <li>▪ Prohibition of product liability lawsuits against the seller of the product unless the seller had control over or knowledge of the harm causing aspect of the product.</li> <li>▪ Prohibition of actions brought against manufacturers or retailers of food for alleged injuries resulting from the consumption of food, including subsequent weight gain.</li> <li>▪ Proposed limitations on non-economic damages in medical malpractice cases and limits on attorney fees if such suits cause increases in premiums or a decrease in accessibility to health care.</li> <li>▪ Reforms to increase protection for retailers and other employers from liability when giving or receiving employee references.</li> <li>▪ Class action lawsuit reform.</li> </ul> <p><i>MnRA opposes:</i></p> <ul style="list-style-type: none"> <li>▪ Measures that would irrationally lengthen the adjudicative process and increase financial exposure for business.</li> </ul>

Recent  
Legislative  
History

None.

## Competitive Swipe Card Fees

**Background** Interchange fees can be costly to retailers. Retailers rely on their ability to accept electronic payment, but deserve reasonable rate structures and/or the ability to negotiate the rate.

Visa and MasterCard fix prices for their banks and have thousands of pages of contract rules that greatly interfere with small businesses' ability to make decisions about the way they run their business. Contract terms are entirely non-negotiable and can change at any time without direct notice from the payment networks, making these contracts unlike any others businesses face. Merchants either accept the terms or choose not to accept the card's network brand. For most retailers, large and small, not accepting cards is no more of an option than not accepting cash.

Debit cards are essentially electronic forms of paper checks which should "clear at par", however retailers are required to pay an iniquitous fee for processing debit cards. Since 2001, interchange (or "swipe") fees have tripled from \$16 billion to over \$48 billion and cost the average American household over \$400 a year – a hidden cost consumers are unaware they are paying. Federal legislation to reign in debit card fees has resulted in partial relief, but failed to be implemented to the full intent of the law. This debit card relief did not apply to credit card fees.

**Policy Position**

*MnRA supports:*

- Legislation that would enable retailers to more fairly negotiate contract terms with payment networks.
- Measures that would allow merchants the ability to offer discounts to consumers who choose to pay with one form of payment (like cash or debit card) over another.
- Legislation allowing retailers to eliminate paying swipe card fees on sales tax portions of transactions.
- Retaining competitiveness on debit networks for retailers when processing debit card transactions.

*MnRA opposes:*

- Legislation that would shift additional costs and compliance burdens to merchants in instances of fraud or data breach.
- Legislation restricting the ability to offset costs of credit transactions through surcharging or other means.
- Federal legislation to roll back Durbin amendment reform.



Recent Legislative History	Minnesota has not made significant changes to its credit card processing laws in recent years.
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## Credit Granting/Cost of Credit

Background	A variety of credit-related issues have surfaced in recent years that deal with granting credit and credit histories. The focus of the debate revolves around credit insurance, credit scoring, and restrictions on the use of social security numbers.
Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"> <li>▪ Efforts to make Minnesota's credit laws more competitive with the advent of new technology and consistent with laws adopted in other states.</li> <li>▪ Ensuring that retailers' credit granting and collection are consistent with federal law.</li> <li>▪ The option for retailers to purchase consumer credit information from credit reporting agencies.</li> <li>▪ Fair pricing mechanisms for interchange rates in order to bring transparency and competition to the marketplace.</li> <li>▪ The ability of retailers to offer credit to enhance customer's purchasing power and provide more flexibility within customer budgets.</li> <li>▪ Retailer options to seek sales tax refunds, rebates or credits on bad debts including private label cards.</li> </ul> <p><i>MnRA opposes:</i></p> <ul style="list-style-type: none"> <li>▪ Any efforts to inhibit the ability of retailers to inform their customers of credit insurance products that may benefit them.</li> <li>▪ The passage of laws that would restrict the use of social security numbers to determine credit scores.</li> <li>▪ Credit granting and collection practices that are unreasonably burdensome or costly.</li> <li>▪ Additional tax on credit based on the interest rate or the cost of the credit.</li> </ul>

Recent Legislative History	None.
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## Data and Information Security

Background	Data and information security has been at the top of the public and legislators' minds after numerous data breaches. Data and information security is a look at
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what retailers are doing to protect customer and employee data from unwanted intrusion. In Minnesota, legislators have begun to ask what the consequences are, if any, if there is a failure to protect data.

Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"><li>▪ Industry self-regulation as a means to protect consumer data by following key industry and government-regulated standards, including the Gramm-Leach-Bliley Act, the Health Insurance Portability and Accountability Act, the Federal Trade Commission Act, state breach notification laws, security requirements and PCI data security standards.</li><li>▪ Efforts to craft effective laws to counter cyber-attacks and cyber-terrorism.</li></ul> <p><i>MnRA opposes:</i></p> <ul style="list-style-type: none"><li>▪ Mandated reporting requirements that are not able to be nimble and specific to each individual circumstance when a breach occurs.</li><li>▪ Additional penalties for a breach.</li><li>▪ Any future liability shift from financial institution to retailer.</li></ul>
Recent Legislative History	<p>An onerous, MnRA-opposed, data breach notification and consumer remedy bill was introduced in 2014 but failed to pass. The proposal included a 48-hour notification clause and remedies including mandated credit reporting and \$100 gift card remuneration for consumers.</p>

## Data Privacy

Background	<p>Retailers use data to create a customized experience for consumers. That data comes from a variety of sources, including internet browsing history, purchase history, coupon use and the use of mobile applications. This information about customers can be used by retailers to create a more efficient and enjoyable experience for customers.</p>
Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"><li>▪ Industry self-regulation around the management of data, privacy policies and notice measures for consumers.</li><li>▪ Efforts to differentiate consumers' expectations and choices with varied types of data gathering.</li><li>▪ Enforcement of existing laws regarding fraudulent activity.</li><li>▪ A retailer's prerogative to make decisions regarding consumer notification.</li><li>▪ Voluntary retail efforts to educate consumers about tracking in store movement trends used to improve the customer experience.</li><li>▪ A federal approach to data privacy as opposed to local or state patchworks.</li></ul>

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- [A state bill that would serve as a balanced model for other states \(?\)](#).

*MnRA opposes:*

- Legislation that would limit a retailer's ability to share data within their own organization and any related proposals that could limit customer access to goods and services.
- Legislative provisions aimed at regulating voluntary relationships between trusted commercial entities, such as stores and their customers.
- Unreasonable data privacy standards that put the burden on retailers.

Recent  
Legislative  
History

In 2015 a bill was introduced to prohibit the collection of personal information from a credit card transaction by a business entity for marketing or promotional purposes. This bill did not have a hearing and did not pass.

In 2019 a bill was introduced at the end of session regulating data privacy, A bill modeled off of the State of Washington is expected to be introduced in 2020.

[In 2020 the House showed strong interest and introduced a Minnesota data privacy bill. This issue is expected to be taken up in the House in 2021.](#)

## Drones/Unmanned Aircraft Systems (UAS)

Background

Unmanned Aircraft Systems (UAS), or drones, have become an increasingly popular consumer product. They have a broad and growing range of uses, including recreation, commerce, education, and government. The Federal Aviation Administration (FAA) has regulatory authority over all aircraft, including drones. Federal law preempts state and local regulation of aircraft safety. Nevertheless, many states and municipalities have begun regulating UAS – some of which is beyond the scope of police powers and may be preempted by federal law.

Policy Position

*MnRA supports:*

- Consistency with federal regulation of the use of drones

*MnRA opposes:*

- Unreasonable bans or restriction on the use of drones.
- State or local registration requirements on drones.
- Legislation in conflict with federal law or which creates a patchwork of laws that leads to consumer confusion.

Recent Legislative History In 2016 bills were introduced to limit the use of drones to take, harm or harass wild animals. In addition, legislation was introduced prohibiting drones from flying too close to public safety aircrafts.

In 2016, the Federal Aviation Administration (FAA) finalized rules that mandate all unmanned aircraft systems (UAS) weighing over .55 lbs and less than 55 lbs used for recreational/hobby purposes or commercial purposes must be registered with the FAA in accordance with Public Law 112-95 Section 336 to part of 107. Registration cost \$5 dollars for as many recreational drones each owner may possess and \$5 dollars per owner for each drone used for commercial purposes.

## Electronic Product Code/RFID

Background The ability of retail to use technology in order to manage inventory and to efficiently serve customers is key to merchant profitability. Technologies like radio frequency identification (RFID) and electronic product code (EPC) streamline the inventory process. Inhibiting retailers to use up to date information management tools will lead to inefficiency and non-competitive circumstances.

Policy Position *MnRA opposes:*

- Any legislation that would unreasonably restrict the use and implementation of EPC technology.

Recent Legislative History None.

## Energy and Conservation Issues

Background A reliable supply of competitively-priced electricity is critical to all retail businesses. An untrustworthy supply can lead to rolling blackouts and rising prices. It is necessary to maintain current infrastructure but to also enhance existing electric generation, transmission and distribution systems. Retail business is aware of the fact that increasing the state's supply of competitively priced electricity while building conservation efforts will take several years. Therefore, prudent action by public policy makers will avoid electric energy shortages. In the last few years, the Legislature has adopted new requirements

on electric utilities that are likely to increase the price of electric power, making Minnesota less competitive.

The state currently has a ban on the construction of new base load generation, powered by fossil fuels or nuclear energy.

Enactment of a policy that would require the use of low-carbon fuels in Minnesota will result in higher fuel prices, supply instability, job loss and will strand millions of dollars in infrastructure in the petroleum refinery industry. A low-carbon fuel standard disadvantages Canadian crude oil and encourages the use of oil imported from the Middle East.

Minnesota's regulatory environment currently lacks the flexibility needed for retailers to take advantage of affordable renewable energy generated from solar, wind or other renewable resources. In addition, utility-provided renewable power comes at a premium cost.

Policy Position

*MnRA supports:*

- Lifting the ban on the construction of nuclear power plants and from power plants using superior fossil fueled technology.
- Passage of legislation that will encourage generation from many sources as long as the retail price is the lowest cost alternative that still ensures reliability.
- Policies that encourage cost-effective conservation by retail businesses including financial incentives to convert conventional power usage to more energy efficient technologies.
- The timely development of a transmission and electrical generation system that can meet the growing demands of customers.
- Policies that preserve existing generation by cost-effective improvements that extends a facility's usefulness.
- Enhanced options for retailers to form partnerships in the area renewable energy.
- Affordable and available renewable energy options, including systems delivered and managed by third-parties.

*MnRA opposes:*

- State-mandated energy efficiency standards on appliances and consumer products.
- Minnesota's enactment of low carbon fuel standards.
- Regulatory approval processes that are unclear, onerous, or fail to recognize economic impacts on local retailers.

Recent  
Legislative  
History

Minnesota has passed several energy mandates in the past ten years. In 2018 MnRA championed a bill that would have allowed third-party providers to work with retailers and provide renewable energy options on-site. That effort was not successful and was fought by public utilities.

## Fireworks

**Background** After 61 years, Minnesota's ban on fireworks was partially lifted in 2002. Even with the general public's positive response, local fire chiefs convinced many local units of government to create restrictive ordinances regarding the sale and use of fireworks. Some of these ordinances were so outrageous and the license fees so high that they eliminated retailers' ability to sell fireworks and undermined the legislative intent of legalizing these products. MnRA and others were successful in passing legislation that prohibits local units of government from imposing license fees of more than \$350 annually on retailers that sell fireworks.

**Policy Position** *MnRA supports:*

- The expansion of the definition of fireworks that could be sold in Minnesota.

*MnRA opposes:*

- Efforts that give local governments authority to impose special fees.

**Recent Legislative History** Legislation to expand the State's list for the sale of legal fireworks was introduced in the 2016 legislative session. The bill passed the House but failed to garner enough support to pass out of the Senate. Under the bill, firecrackers and aerial rockets could be sold and used legally June 1 through July 10 with local governments retaining the right to continue a ban.

Ariel fireworks advocates advanced a bill in ~~2018-2020~~ without success.

## Fraudulent Payment

**Background** MnRA has a strong record as a leader in fighting fraudulent checks. MnRA has been successful increasing the service charge that retailers can collect for a fraudulent check to more accurately reflect actual collection costs.

Provisions have been proposed in the past that would have negatively impacted retailers such as raising monetary thresholds and reducing penalties for financial crimes. These recommendations were made in an attempt to enhance revenue and save money for the judicial system. Among other recommendations, it has been suggested that the threshold for check crimes be increased. This proposal would make it more difficult for retailers to prosecute offenders who submit a fraudulent check under \$100. MnRA has worked with the courts to find more efficient ways to deal with fraudulent checks, without diminishing the severity of the penalties for check offenses.

In recent years, consumers and retailers have increased the use and acceptance of electronic payment instruments such as debit and credit cards. Retailers that accept electronic payment for goods and services should be able to verify the integrity of the payment instruments in a cost-effective manner. Financial crimes are serious and penalties for fraudulent use of electronic payments should accurately reflect collection costs in order to deter such counterfeit activity.

Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"> <li>▪ Legislation that increases financial protection for retailers, law enforcement and financial institutions with regard to payment fraud.</li> <li>▪ Retailer flexibility to reduce acceptance of fraudulent checks at point of sale.</li> <li>▪ A requirement that financial institutions and credit card associations establish more responsible policies relating to customer access to payment vehicles.</li> </ul> <p><i>MnRA opposes:</i></p> <ul style="list-style-type: none"> <li>▪ Legislation that removes deterrents for writing bad checks, check fraud and fraudulent uses of electronic payment instruments.</li> </ul>
Recent Legislative History	None.

## Gift Cards/Unclaimed Property

Background	<p>MnRA has been actively involved in revising Minnesota’s unclaimed property laws. The Department of Commerce had argued that gift certificates were covered under the “miscellaneous” section of escheat law that would have required retailers to submit the value of all unused gift certificates after three years to the State. In 2000, MnRA was successful in passing legislation that would specifically exempt gift certificates, gift cards and layaways from this requirement. This exemption became effective July 1, 2001.</p> <p>There has been legislation introduced in other states that would require gift card purchases to be taxed at the time of sale in addition to the point of redemption.</p>
Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"> <li>▪ Current law that exempts gift cards from the escheat law.</li> </ul> <p><i>MnRA opposes:</i></p>

- Changes to the current unclaimed property laws including efforts to establish unreasonable statute of limitations, changes in recordkeeping and definitions.
- Legislation that would tax gift cards at the time of sale.
- Local gift card regulation.

#### Recent Legislative History

In 2015 a bill was introduced to require public notice of unclaimed property and publication in a qualified newspaper of person appearing to be the owners of abandoned property worth \$500 or more in value. The bill failed to pass. In 2019 an unclaimed property bill failed to pass the House and Senate, with the issues expected again in 2020.

In 2019, the City of Shakopee passed a gift card regulation ordinance disallowing certain gift cards at self-checkout and requires that the consumer present identification when purchasing. MnRA actively opposed this ordinance.

[MnRA was active in a stakeholders group review Minnesota's unclaimed property law. That effort is expected to resurface in 2021.](#)

## Healthcare

#### Background

With the passage of the Patient Protection and Affordable Care Act (PPACA) states were required to set up Health Care Exchanges where employers and individuals can compare and purchase healthcare policies. In Minnesota the state's executive branch took a leadership role in advancing the Minnesota health insurance exchange by submitting a blueprint of the exchange to congress in November of 2012. Ultimately, it is the Legislature who should have oversight of the state exchange as legislative oversight should ensure employees choice in affordable health insurance products that meet their individual needs.

Minnesotans will be better able to hold the exchange accountable to consumers through state control. A state exchange was set up in April of 2013 and that exchange is governed by a board.

#### Policy Position

##### *MnRA supports:*

- A self-sustaining public and private partnership that allows flexibility and choice for businesses large and small in providing health care for employees.
- The ability of trade and professional associations to form groups for the purpose of facilitating benefit plan options for member organizations.

##### *MnRA opposes:*



- The use of excise taxes on retail items including pharmaceuticals to support the exchange.

Recent Legislative History Due to substantial healthcare premium increases legislation was introduced in 2016 to repeal MNSure. This legislation passed the House but failed to pass the Senate

## Independent Contractors

Background Legislation requiring workers' compensation coverage for all independent contractors has been introduced in previous years. As proposed, it would include direct sellers and other MnRA members such as furniture stores who utilize independent contractors in their business.

Policy Position *MnRA opposes:*

- Any efforts to equate independent contractor status with employee status or to require employee benefits or coverage for all independent contractors.
- Local and state efforts to reclassify or define independent contracts as employees.

Recent Legislative History In 2014 Minnesota passed a bill negotiated with the construction industry to make permanent a requirement that independent contractor construction workers register with the state to maintain an independent contractor status.

## Initiative and Referendum

Background Businesses across the country have reported spending millions of dollars to defeat initiative measures particularly because the initiative process can easily benefit special interest groups. This is an issue that the business community, League of Women Voters, and unions are adamantly opposed to in Minnesota.

Policy Position *MnRA opposes:*

- Measures that allow for initiative and referendum.

Recent Legislative History	In 2016, a City of Minneapolis minimum wage charter amendment was introduced. In September the Minnesota Supreme Court ruled the issue was not a valid charter amendment question. MnRA participated in an amicus brief alongside the City and other business groups contending the City lacks the proper authority to add a minimum wage to its charter.
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## Licensure/Certification

Background	<p>Some retailers provide installation and repair service for the products they sell. MnRA is concerned with efforts to mandate or expand state licensure of certain services (e.g. low-voltage installments like door-bell installation).</p> <p>Certain licensing standards or certification courses may not meet the specific needs of businesses and therefore create bureaucratic burdens such as unnecessary/redundant training. While the licensing of industry professionals has generally been conducted at the state or municipal level, certification has historically been set by professional industry groups.</p> <p>In 2013 legislation was introduced, but not passed, relating to interior design licensing.</p>
Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"> <li>Voluntary options for retailers to provide increased career education, industry training and certification as an alternative to strict and broad licensure requirements.</li> </ul> <p><i>MnRA opposes:</i></p> <ul style="list-style-type: none"> <li>Additional professional additional licensing or certification requirements on professions that do not directly relate to areas concerning public safety.</li> </ul>
Recent Legislative History	In 2013 Minnesota considered but did not pass a commercial interior license that would have impacted retailers selling items like appliances and window coverings.

## Non-Compete Agreements

Background	In 2013 legislation was introduced to limit the creation and enforcement of non-compete agreements. From hiring executive talent, to employing a grassroots workforce, Minnesota retailers rely on non-compete agreements agreed to by an employee and an employer to protect the retailer's intellectual property.
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Policy Position	<p>MnRA opposes:</p> <ul style="list-style-type: none"> <li>Legislation to limit the creation or enforceability of non-compete agreements executed in good faith between an employee and employer.</li> </ul>
Recent Legislative History	<p>None.</p> <p>None.</p>

## Notice on Local Hearings Affecting Business Licenses

Background	<p>Some local units of government hold hearings or meetings regarding proposals and ordinances that would impact a business licensed by the city or county without providing adequate notice to the affected businesses. In some cases, licensed businesses are unaware of the proposals and learn of the impacts after implementation. Requiring adequate notice of a hearing or meeting to all potentially affected licensed businesses ensure stakeholders have knowledge of the government process.</p>
Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"> <li>Appropriate notification to stakeholders of an initial hearing regarding action for a local ordinance that could impact business licenses.</li> <li>Efforts to have local government quantify, study and analyze the costs of proposed ordinances impacting retailers and business.</li> </ul> <p><i>MnRA opposes:</i></p> <ul style="list-style-type: none"> <li>Lack of notification from local units of governments regarding a hearing or any action on ordinances that may affect licensed businesses.</li> </ul>
Recent Legislative History	<p>In 2016 a bill was introduced in the House and the Senate that would require a county or city to provide 15 days of notice about an initial hearing on an ordinance that could affect a business that is licensed by the county or city. This legislation was heard in the relevant committees in both the House and Senate. Although the bill passed out of the House committee, it failed to pass out of the Senate committee on State and Local Government and no further action was taken in 2016.</p> <p>In 2017 a 10-day, non-binding, local notification bill passed the Legislature and was signed by the Governor.</p>

## Organized Retail Crime

**Background** Retailers are continuing to lose billions of dollars each year due to organized retail crime. Beyond the financial losses, this form of crime is becoming increasingly violent and puts employees and customers at risk.

In 2010, MnRA helped to pass organized retail crime (ORC) legislation in Minnesota. The Legislature adopted language that allowed for the prosecution of ORC ring leaders, as well as added the definition of “felony theft” to the states racketeering statute.

**Policy Position** *MnRA supports:*

- The passage of a strong organized retail theft law which will enable law enforcement to effectively apprehend and prosecute organized retail crime, including items related to UPC fraud, return fraud, and emergency exit-enabled theft
- Efforts to reverse the law that raised the threshold for a felony for stolen property from \$500 to \$1,000.
- Language that would make theft crimes enhanceable or aggregate so that habitual offenders would be subject to increased penalties under the law.
- The sharing of information between law enforcement and retailers in order to identify criminal trends.
- Voluntary use of electronic reporting tools used to reduce the movement of stolen goods.
- Enhancement of statutes to add the threat of violence as a stronger offense.
- Cleaning up redundant references to theft and fraud in state statutes.

**Recent Legislative History** A Minnesota law passed in 2014 regulating mobile device trade-ins provided an appropriate exemption for retailers reporting to a recognized data collection system. MnRA worked in cooperation with advocates to ensure responsible retailers were not burdened by the new requirements. In 2018 MnRA championed a bill to enhance penalties for repeat offenders. That bill stalled following a House hearing. In 2019 MnRA championed a bill to add an ORC definition to state law.

[MnRA worked on a 2020 bill in conjunction with other stakeholders. We expect to continue to work this issue in 2021.](#)

## Pharmacy

**Background** Pharmacies are the face of community health care. They also contribute to overall community health, which includes the well-being of patients, economic vitality, and good jobs. In the state of Minnesota, nearly 1,100 community pharmacies employ more than 3,500 pharmacists and approximately 80,000 other individuals (including pharmacy technicians), while contributing more than \$1.8 billion in total state tax receipts.

Community pharmacies and pharmacists provide accessible and cost-effective health services to their local communities. Unfortunately, pharmacists are still limited in their ability to further increase vaccination rates in Minnesota by state laws and rules that restrict the age of patients who pharmacists can vaccinate and/or the portfolio of vaccines that pharmacists can offer. Meanwhile, medication therapy management (MTM) provided by community pharmacists has gained widespread public attention for achieving improved outcomes in patients with chronic health care issues, while at the same time reducing overall health care costs.

### **Medicaid Reimbursement Methodology**

On January 21, 2016, the Federal Register posted the Centers for Medicare & Medicaid Services (CMS) Covered Outpatient Drugs Final Rule (Final Rule), implementing significant changes to pharmacy reimbursement for both brand and generic drugs dispensed to the Medicaid population. The final rule is effective April 1, 2016. The final rule also allows a one-year transition period for states that need to make legislative and regulatory changes to implement the provisions to change pharmacy reimbursement. The state passed a new methodology in 2019 that was largely supported by MnRA, with the exception of “usual and customary” language.

### **Statewide Protocol**

A pharmacist in Minnesota is not allowed to prescribe medication without a prescription from a doctor. However, many states are starting to adopt a statewide protocol that would grant pharmacists the ability to write and fill prescriptions on certain medications including drug over-dose medication, hormonal contraceptives, nicotine replacement products and travel medications. This convenience provides cost savings to customers as well as better and more efficient access to medication.

### **Policy Position**

#### ***MnRA supports:***

- Expansion of pharmacist immunization authority.
- Expanding use of medication therapy management.
- Increasing the Medicaid pharmacy dispensing fee.

- Employer-based pharmacy technician training and evaluation programs along with appropriate use of voluntary certification programs.
- Patient access to cold and allergy medicines over the counter.
- Studying, increasing or eliminating pharmacy technician ratios.
- Fair and equitable contracting in all areas of pharmacy.
- Expanding the pharmacist's authority to manage patients and their medications, including: 1) administration of medications; and 2) collaborating with other health care providers in patient care.
- Recognition of pharmacists as a provider in an efficient and effective healthcare system.
- Legislative and regulatory changes to remove barriers to patients receiving the full benefit of pharmacists' education, training and skills.
- Allowing pharmacies to apply cost savings by filling larger prescriptions for maintenance medications when refills on that medication have been approved by prescribing physician.
- Increased customer satisfaction and medication adherence through more efficient pharmacy interactions.
- Exploration of broadening pharmacy services through technology.
- Protocol that grants pharmacist the ability to write prescriptions for certain medications.
- Different dispensing fees for specialty drugs compared with non-specialty drugs.
- Adding incentives or penalties to existing state mandate as a way to significantly increase number of prescriptions sent to a pharmacy electronically.
- Reasonable efforts to address the opioid crises that do not interfere with a pharmacists' professional judgement or cause unreimbursed or uncovered expense to pharmacies and their customers
- Reimbursement of Minnesota's wholesale provider tax or equivalent healthcare financing mechanism.
- Enhancing telepharmacy options.

*MnRA opposes:*

- Restrictions that hinder pharmacists from administering immunizations
- Cuts of Medicaid pharmacy reimbursement
- Mandatory certification of pharmacy technicians and one-size-fits-all training and evaluation programs
- Making cold and allergy medicines available by prescription only.
- Expanding taxes on over the counter medicines.
- Practices that result in the creation of disincentives or inhibit fair and equitable contracting.
- Legislation or regulations that inhibit the pharmacist's authority or ability to manage patients and their medications.
- Mandates surrounding pharmacist use of systems to track patient medications.
- Changes to workplace rules that impact customer service and patient care.
- Tiered reimbursement based on geographic location, ownership, or volume.

Recent  
Legislative  
History

In 2016, the Legislature passed a 90-day fill option for patients on maintenance medications as well as a protocol for pharmacists to prescribe opioid antagonist medication. Additionally, legislation also passed authorizing pharmacies to voluntarily take-back pharmaceutical waste. In 2015 the Minnesota Legislature passed legislation that expanded pharmacist immunization authority and also increased the pharmacist technician to pharmacist ratio to 3 to 1 + (1).

In 2017, the Legislature passed and the Governor signed a bill to repeal generic drug pass through savings language.

Also in 2017, the Legislature passed but the Governor ultimately vetoed a bill that would have modernized reimbursements and brought Minnesota in compliance with federal rules.

In 2018 MnRA unsuccessfully championed several bills to increase the rate of e-prescriptions. In addition, a late-session effort to modernize the reimbursement rate was vetoed.

In 2019 a new pharmacy reimbursement methodology was passed by the Legislature. In addition, a bill establishing additional licensing fees on manufacturers and wholesalers of opioid was passed.

Many pharmacy-friendly issues have been addressed as a part of the state's response to COVID-19. MnRA plans to with other stakeholders to identify and make some of those initiatives permanent.

## PIN-Based Security

Background

In Minnesota, banks have chosen to issue debit cards that allow point-of-sale transactions to process only via signature-based debit transaction and exclude the ability for a consumer to process a transaction with PIN-based debit at a merchant point of sale.

Until recently, Minnesota was an outlier with respect to the rest of the nation by having issuers not allow the option for PIN-based debit transactions.

In some cases, retailers are prevented from processing CHIP transactions due to software technology, vendor availability, or ease of implementation.

Policy Position

*MnRA supports:*

- Requiring issuers to give consumers a pin-based option on all debit cards for point of sale transactions. This would help consumers who would prefer the security of using their debit cards with PINs in

- Minnesota and small businesses who choose to accept PIN-debit to reduce costs.
- Adoption of chip and PIN on credit card transactions when feasible for the retailer.
- State of Minnesota requiring Chip and PIN security for all state issued credit cards.

Recent  
Legislative  
History

None.

## Placement of Products/Store Signage

**Background** Retailers continue to see more restrictions being imposed on their establishments regarding the placement of products and signage. Retailers understand the limits and needs of consumers and such restrictions are unnecessary.

MnRA is also concerned about laws that restrict the ability of retailers to use outdoor signage including dynamic signage or digital boards.

**Policy Position** *MnRA supports:*

- The ability of retailers to use a number of alternatives to provide store information to customers.

*MnRA opposes:*

- Unreasonable restrictions on the placement of signs, or any commodity, that is commonly used and sought by the public, both inside and outside store premises.

Recent  
Legislative  
History

None.

## Price Accuracy

**Background** In past sessions, legislation was introduced that would require retailers to pay the customer if the product was scanned incorrectly. Since retailers value their customers, this inadvertent overcharging can be easily resolved between a merchant and the customer.



Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"> <li>Consistency with federal guidelines on price accuracy.</li> </ul> <p><i>MnRA opposes:</i></p> <ul style="list-style-type: none"> <li>Unreasonable state mandates that can interfere with the retailer/customer relationship.</li> </ul>
Recent Legislative History	None.

## Product Pricing

Background	The “Pink Tax” which refers to an increased price women pay on certain consumer products has recently proliferated in the form of legislation in some states seeking to remove perceived gender based discriminatory pricing.
Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"> <li>Flexibility to competitively price products based up relevant variables and other determining factors.</li> </ul> <p><i>MnRA opposes:</i></p> <ul style="list-style-type: none"> <li>Legislation that seeks to reduce the flexibility and fluid nature of product price determinations.</li> </ul>
Recent Legislative History	None.

## Product Safety

Background	<p>Retailers are committed to selling safe products. Government regulation on business environment practices continues to increase. Restrictions often come in the form of product or chemical bans implemented at state and local levels. This creates a patchwork of local mandates rather than cohesive regulation of dangerous chemicals. Over the last few years Congress has taken action to prohibit products containing dangerous chemicals on a nationwide scale. Unfortunately, regulation and laws have been misdirected to the retailer not the manufacturer. This has placed a significant burden on retailers’ ability to not only sell certain products but also to get adequate inventory from certain suppliers. Second hand stores have experienced additional burdens because they have limited knowledge about donated inventory, which makes meeting new standards difficult. As a result, many used goods must be discarded so that there are no new violations.</p>
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Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"> <li>▪ The sale of safe products by retailers to consumers.</li> <li>▪ Compliance with federal safety labeling requirements on consumer products.</li> <li>▪ A reasonable sell through period on any product that is restricted or banned to sell existing inventory.</li> <li>▪ Protections for retailers unknowingly selling products containing prohibited substances.</li> <li>▪ Industry-lead efforts to address chemicals of concern.</li> </ul> <p><i>MnRA opposes:</i></p> <ul style="list-style-type: none"> <li>▪ Unnecessary restrictions on the sale of products containing chemicals of concern.</li> <li>▪ Outright product bans for which there are no reasonable cost-effective alternatives.</li> <li>▪ Product bans when they are not based on sound science.</li> <li>▪ Mandatory ingredient labeling on products beyond that required in federal law.</li> <li>▪ State restrictions on products that are more restrictive or contrary to federal law.</li> </ul>
Recent Legislative History	<p>Minnesota passed a pollinator labeling bill in 2014, prohibiting certain labeling practices. In 2015 the Minnesota Legislature held numerous hearings on the regulation of chemicals in certain products. These initiatives did not pass. Legislation was also introduced and passed in 2015 and 2016 regarding the ban of certain flame retardant chemicals in consumer related products.</p> <p>The Legislature passed an expansion of definitions as related to flame retardants in 2019 with MnRA input.</p>

## Product Stewardship/Extended Producer Responsibility

Background	<p>The Minnesota Pollution Control Agency (MPCA) promotes the concept of “product stewardship” in the area of environmental protection. The intent of “product stewardship” is to include everyone who has a role in the production, sale and use of a product to share in the responsibility of minimizing the product’s environmental impact. The manufacturer’s responsibility model is often the best solution in many situations because internalizing the costs of recycling typically drives down costs. Since the concept of product stewardship was introduced, the MPCA has focused on the disposal/recycling of paint, carpeting, used oil and electronics containing Cathode Ray Tubes (CRTs). CRTs are also referred to as “e-waste” and in the 2007 session, major legislation was passed to address the management of such products.</p>
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MnRA has been a strong proponent of product stewardship. The association has played a key role in the development and implementation of Minnesota Waste Wise. Minnesota Waste Wise is a voluntary waste reduction program which incorporates public and private stakeholders. MnRA is supportive of Minnesota's effective and voluntary recycling programs. Voluntary programs by retailers are showing positive results. Recently a national electronics retailer announced it had recycled 1 billion pounds of e-waste in recent years, prompting Governor Dayton to issue an e-waste recycling proclamation praising the effort.

Advocates in Minnesota are pushing for a deposit-refund recycling beverage container recycling system, with an expected bill in 2015. MnRA actively opposed the introduction of a dime-deposit bill in 2014.

States are hopeful that many product stewardship issues can be addressed by Congress so that the current patchwork system can become more uniform. State-by-state solutions make it difficult for retailers who do business in multiple states to comply with various standards.

#### Policy Position

##### *MnRA supports:*

- National solutions to product stewardship issues.
- Manufacturers' responsibility model on matters such as paint recycling.
- Voluntary waste reduction and recycling efforts by businesses such as those offered through the Minnesota Waste Wise program.
- Individual recycling initiatives by retailers.
- Uniformity of plastics and container standards across the state.

##### *MnRA opposes:*

- Unnecessary restrictions and mandates on the recycling of pharmaceutical waste.
- Mandatory plastic bag recycling and recycling fees, or bans.
- Advanced recovery fees on plastic bottles and aluminum cans.
- Returning products that have already been used.
- Printing information on point of sale receipts.
- Additional signage regulations.
- Collecting/remitting product recycling fees or burdensome reporting.
- Unreasonable packaging requirements and packaging bans.
- Any taxes, fees or deposits that interfere with interstate commerce.
- Product bans that are not based on sound science.
- Regulations on trade-in or second hand retail sales when such regulations burden retailers acting responsibly.
- Unreasonable "loot box" or video game regulation.
- Efforts to tax or fee opioids where there is a financial impact on pharmacies or their customers.

#### Recent Legislative History

In 2016, legislation passed to modify recycling programs to account for changes in the waste stream, the Legislature passed a modification to the current electronic waste (E-waste) law that removes tablets and laptop computers from the "video display devices" category. In addition, the bill mandates that

recycling companies can no longer charge for collecting covered electronics under the program and imposes a recycling requirement on TV and computer manufactures to collect at least 25 million pounds of material from July 1, 2016 through June 30, 2017.

In 2014 a manufacturer-lead thermostat recycling bill passed. In addition, select metro businesses—including retailers—were mandated to collect and recycle at least three materials. In 2015 the legislature held multiple hearings regarding the banning of micro-beads from personal care consumer related products. This legislation failed to pass. However, a federal level solution banning microbeads was passed by Congress and signed by President Obama in December of 2015. In 2013 a paint stewardship program passed.

In 2017, the Legislature passed, and the Governor signed a bill to restrict local governments' ability to ban plastic bags. The law does not address taxes or fees.

In 2018 MnRA unsuccessfully championed statewide uniformity bill on plastics.

Also in 2018, legislators attempted to regulate video games containing “loot boxes” at point-of-sale. The effort was unsuccessful and opposed by MnRA.

In 2019 and 2020, the Minnesota House passed (but Senate did not) a MnRA-opposed carpet stewardship program. The initiative is likely to return in 2020/2021.

## Property Taxes/Utility Fee

**Background** Minnesota's property tax system should be based on the estimated market value of property. Artificial mechanisms should be eliminated. The statewide property tax is the most direct way the state can provide property tax relief to businesses. Eliminating the tax would reduce commercial/industrial property taxes by about 25 percent.

Over the past several years, legislators have introduced bills to allow the creation of new special districts for the purpose of funding local street projects. Municipalities currently have eight ways to fund street projects, and the proposed street utility fee district mechanism threatens to burden retailers with large project costs based on the independent creation of a district.

**Policy Position** *MnRA opposes:*

- Implementing a municipal street utility fee as a funding mechanism for local infrastructure projects.
- Arbitrary changes to property tax valuation systems, including efforts sometimes referred to as “dark stores”

Recent  
Legislative  
History

In 2015, the legislature held a hearing on a bill to apportion street improvement fees to all of the developed parcels located in a designated district. This bill failed to move out of committee and did not pass.

In 2017, the Legislature passed and the Governor signed commercial and industrial property tax relief.

## Restaurant And Retail Issues

Background MnRA's restaurant members face many potentially detrimental issues, including:

- Minimum wage increases and or living wage mandates.
- Taxes on food products based on nutritional components or ingredients.
- Restrictions or bans on food ingredients.
- Nutritional labeling proposals, in a variety of forms.
- Mandated allergen action plans.
- Restrictions on business hours of operation.
- Restrictions on drive-thru businesses.
- Requirements for restaurant employee places of domicile.
- Frivolous lawsuits related to Americans with Disabilities Act (ADA) claims.

Policy Position *MnRA supports:*

- The ability of restaurants to operate their businesses without undue interference from agencies of government, targeted taxation, and/or other requirements that have an impact on restaurant operations or their financial stability.
- Tightening ADA lawsuit requirements and allowing for a related time to cure.

*MnRA opposes:*

- Minimum wage increases, particularly "indexed" increases.
- Mandatory paid sick leave/paid time off
- Taxes on food products based on calories/fat/sodium/sugar or other nutritional measurements.
- Restrictions or bans on the use of previously approved food ingredients.
- Menu nutritional labeling imposed by local jurisdictions.
- Required, mandated, allergen action plans.
- Restrictions on business hours of operation.
- Restrictions on drive-thru businesses or facilities.
- Requirements for restaurant employee places of domicile.
- Mandatory restrictions or fees related to recycling, packaging etc.
- Local government enacting wage and workplace standards exceeding the State standards.

Recent Legislative History	<p>In 2014, Minnesota passed an indexed minimum wage increase taking Minnesota to \$9.50 an hour in 2016. In August of 2015, the minimum wage increased to \$9.00 an hour. The increase also includes an inflator provision that continue to increase minimum wage indexed to inflation. The legislature also saw a bill to allow employers to pay \$8 per hour to servers who earn at least \$12 an hour in salary and tips. This bill passed the House, but failed in the Senate in 2015.</p> <p>In 2016 and 2017, the Minnesota legislature passed and the Governor signed legislation designed to limit frivolous ADA claims. Work remains to be done at the federal level.</p>
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## Sales Taxes

Background	<p>There is increasing pressure to raise or broaden the sales tax as Minnesota public policy makers continue to face recurring budget shortfalls. Since Minnesota is facing a long-term structural deficit, public officials continue to struggle with reforming current tax structures.</p> <p>MnRA has a long standing position of opposition to increasing the sales tax rate, or expanding the sales tax base to include clothing and services, unless the expansion is necessary to comply with the Streamlined Sales Tax Project. Such expansions would be harmful to retailers and break the covenant originally made by the state when the sales tax was initiated.</p> <p><b>Dedicated Sales Tax</b></p> <p>The Minnesota Retailers Association opposes this constitutional amendment and any future efforts to dedicate the sales tax to anything other than the general fund.</p> <p><b>Local Sales Tax Options</b></p> <p>MnRA has a long-standing position against local option sales taxes because of the patchwork tax system they create. With continuing transportation needs growing in the Twin Cities area, legislators have given metropolitan counties the authority to impose county-wide transportation tax which was added to the sales tax. This metropolitan area transportation tax authority continues to exasperate the patchwork of non-uniform taxing jurisdictions. Under current law certain conditions must be met before local option sales taxes can be approved. If local sales tax authority is granted, MnRA agrees that it must be approved in a general election. The tax levy must also be dedicated for a specific capital improvement project and have a mandatory sunset date. Furthermore, the community should be prohibited from seeking additional authority for at least one year after the tax has expired</p>
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## **E-Fairness**

Minnesota retailers provide hundreds of thousands of jobs, provide billions of dollars in state and local tax revenue and sponsor and support local community and school activities. MnRA supports a 21st century marketplace that treats a Minnesota sale as a Minnesota sale. Technology and simplification efforts like the multi-state Streamlined Sales and Use Tax Agreement make it easier for online sellers to collect and remit tax.

MnRA supports the 2018 U.S. Supreme Court ruling in South Dakota vs. Wayfair and its impact on sales tax treatment throughout Minnesota and the country. In October 2018, Minnesota extended physical nexus (adopted in 2013) to include economic nexus (adopted in 2017).

### **Single Sales Apportionment**

Single sales tax apportionment remains an active public policy issue. The apportionment formula was accelerated in previous legislative sessions and will be based on 90 percent of sales in 2011. It will be phased in completely by 2014.

### **Sales Tax Holidays**

Some states provide tax holidays for the sale of goods, MnRA supports of such measures to encourage consumer spending.

### **Sales Tax Collection Reimbursement**

Each legislative session, MnRA reminds legislators of the cost to retailers in collecting and remitting the sales tax. Nationally, the average administrative cost to retailers is 3.09% of the total amount of the sales tax collected. Merchants in 26 states are allowed to retain some portion of the sales taxes collected for their state, also known as a vendor collection allowance (VCA). This serves to offset some of the administrative cost of collecting and remitting the tax for retailers. MnRA supports legislation that would give a VCA for retailers to offset the costs of collection.

### **Business To Business Taxes**

Three business to business taxes were enacted during the 2013 legislative session. The new taxes on labor costs for repairing and maintaining equipment, business storage and warehousing, and purchase of telecommunications equipment on equipment repair were repealed in 2014.

### **Gross Receipts/Wholesale Taxes**

Over the past few years, from gasoline to sports memorabilia to tobacco, legislators introduced new and expanded wholesale level taxes on products in Minnesota. Taxes at the wholesale level lack transparency and ultimately drive up consumer prices.

### **Additional Increases on Gasoline at Retail**

Over the past few years, legislators introduced new and expanded taxes on products in Minnesota. More than once discussions have arisen that would

place additional tax on the sale of gasoline at the time of sale. MnRA opposes any additional tax on gasoline at the point of retail sale.

#### **Increased Taxes or Fees on Tobacco**

In 2013, the legislature voted to increase taxes on tobacco by \$1.60 per pack, giving Minnesota retailers a severe price disadvantage to neighboring states. MnRA opposes any additional increases to tobacco taxes or fees.

#### **Policy Position**

##### ***MnRA supports:***

- Permanent reduction of the sales tax rate.
- Full repeal of June accelerated sales tax payments.
- A sales tax collection reimbursement that compensates retailers for costs associated with sales tax collection.
- Continued participation in the Streamlined Sales Tax Project.
- Legislation which would allow states to collect sales taxes from remote sellers.
- Sales tax holidays for the sale of energy efficient products by retailers.
- Sales tax holidays for occasions like “back to school”.
- Registration fees on certain products should be dedicated to the purposes for which they were intended.
- Repeal of the \$770 threshold on sales and use tax when customers are ordering online or purchasing items from out of state.
- Allowing retailers to claim a refund or credit on written-off private label credit card debt.
- Removal of duplicative tobacco tax inflators.
- Limited changes to Minnesota’s e-fairness laws to conform with the Wayfair decision.

##### ***MnRA opposes:***

- The base-broadening of the sales tax system to food, clothing, sports memorabilia, services, or services purchased by businesses.
- The expansion of local option sales tax authority or extension of any existing local authority such as the metropolitan-area sales tax.
- Sales tax dedication for anything besides the general fund.
- Discriminatory taxes based on the nutritional value of food, such as a sweetened beverage tax.
- The expansion of the sales tax to items not currently taxed or other forms of base broadening.
- The expansion of gross receipts taxes on products and services when the result will be increased costs to the retailer.
- Behavior modifying taxes on items such as tobacco, or food based on size or nutritional value.
- Additional taxes on gasoline.
- Real time sales tax collection remittance.
- Taxes designed to shame consumers or retailers.
- Taxes targeted solely toward retailers based on size or location.



Recent  
Legislative  
History

In 2016 legislation passed the Legislature that would extend Minnesota’s sales tax code to include online marketplace transactions. The legislation would require marketplace transaction providers and sellers to collect and remit state sales tax. Although it passed the Legislature, the Governor vetoed the bill.

In 2014 Minnesota repealed business-to-business taxes enacted in 2013. In addition the state increased the annual tax liability required to remit June sales tax collection on an accelerated basis from \$120,000 to \$250,000 while decreasing the amount from 90 percent to 81.4 percent. In 2015 the Legislature failed to pass a tax bill. However, multiple MnRA supported priorities are included in the Omnibus Tax bill that will be considered in 2016. These initiatives include: a reduction and phase out of corporate business property tax rates; a decrease in the amount of June Accelerated Sales tax payment from 81.4 percent to 80 percent; a sales tax collection reimbursement for vendors; and also conformity for cigarette excise sales taxes.

In 2017 the Legislature passed and the Governor signed a bill freezing the tobacco excise tax inflator at the 2017 level.

In 2017 the Legislature passed and the Governor signed e-fairness legislation extending tax collection and remittance to third-party marketplaces beginning July 1, 2019 or commiserate with the overturning of the Quill decision by the U.S. Supreme Court. In January 2018, the Court agreed to hear the case.

In 2018 the U.S. Supreme court overturned Quill in South Dakota v. Wayfair, resulting in remote seller and marketplace tax collection kicking in October 1, 2018.

In 2019, the final budget included negative changes to June Accelerated sales tax payments, taking effect in 2020.

## School Start Date

**Background** Many school districts wish to start school before Labor Day but are unable to do so because of state law. MnRA has supported upholding this law because the extension of school vacation increases revenue to merchants of all types. Retailers also rely on students to fill certain labor needs.

**Policy Position** *MnRA supports:*

- The prohibition of local school districts from beginning the school year before Labor Day.

Recent Legislative History	A bill creating a one-year program for schools to opt in to a pre-Labor Day school start date passed in 2015.
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## Unemployment Insurance Fund Balance

Background	Most employers in Minnesota pay a .10% unemployment insurance (UI) tax rate on all wages up to \$30,000. MnRA believes the UI Trust Fund should be funded at levels commensurate with need and mechanisms should be utilized to ensure appropriate fund balance. The US Department of Labor recommends a fund solvency level of \$1.4 billion.
Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"> <li>▪ Mechanisms that ensure proportionality between the total balance of the unemployment trust fund compared to the required need.</li> </ul> <p><i>MnRA opposes:</i></p> <ul style="list-style-type: none"> <li>• Unemployment insurance policy that over burdens employers when trust fund balances exceed necessary levels.</li> </ul>
Recent Legislative History	In 2016, legislation reforming the unemployment insurance trust fund by creating a high-water mark that triggers a reduction in the tax rate paid by employers when the fund has excess solvency passed and was signed into law. Additionally, the legislation provided a one-time tax credit in 2016 of \$258 million to employers to offset costs of unemployment insurance.

## Uniform Compliance Checks For Tobacco Products

Background	<p>The sale of tobacco products is legal in Minnesota but it is also highly regulated. Local municipalities are required to do compliance checks on certain businesses. While the enforcement of the law is uniform, the penalties for selling tobacco to minors are inconsistent. As a result, many municipalities invoked excessive financial penalties and in some cases even license revocation, which is inequitable among certain retailers.</p> <p>An annual federal report released in 2014 put Minnesota top among states in efforts to restrict tobacco sales to minors. Minnesota and Utah received a 99 percent compliance rate.</p>
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In 2015 and 2016 the Dayton Administration championed the Stop Tobacco Smuggling Act. A program to increase full-time employees at the Department of Revenue who perform tobacco related inspections. The act also would increase monetary penalties on tobacco vendors found in violation. The Act was introduced in both the House and Senate in 2015.

#### Policy Position

##### *MnRA supports:*

- The enforcement of the law prohibiting the sale of tobacco to minors through reasonable means that do not interfere with retail business operations
- Reasonable penalties for underage possession of tobacco and the presentation of false identification
- Modifications of the Minnesota drivers' license to discourage false presentation
- Preemption of local fines and penalties.

##### *MnRA opposes:*

- Any unreasonable mandates or restrictions on retailers selling a legal product.
- Local restrictions on tobacco products when those restrictions exceed state or federal standards.

#### Recent Legislative History

In 2015 the Legislature held hearings on the Stop Tobacco Smuggling Act. The bill did not progress through committee and failed to pass. In recent years several local governments including Minneapolis, Bloomington, Brooklyn Center and St. Paul (among others) passed minimum price mandates on the sale non-premium cigars.

[In 2020 the federal governor passed T21 with the Minnesota Legislature passing a conforming bill.](#)

## Wages

#### Background

MnRA has historically held a strong position in opposition to minimum wage standards. The federal minimum wage was last raised to \$7.25 an hour in July of 2009. MnRA believes that dramatic increases in minimum wage levels will not only result in a reduction of entry level jobs, but these mandated wage levels will also raise the costs associated with the employment of individuals. In 2014, the Legislature passed a \$9.50 minimum wage, including an index to inflation.

Three cities in Minnesota—Minneapolis, St. Paul, and Duluth—have all passed “living wage” ordinances in some form. The wages are tied to businesses that receive certain types of financial assistance from the government or work on government projects. Minnesota state law requires economic development

agencies to establish wage and employment goals with businesses that receive assistance of \$25,000 or more. The business must repay the assistance if it fails to meet the goals. Also, businesses that receive grants or loans from the Minnesota Investment Fund must pay a wage rate equal to 110 percent of the federal poverty guideline for a family of four.

Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"> <li>▪ Market forces determining wage levels.</li> <li>▪ State preemption of local minimum wage and other employee benefit ordinance.</li> </ul> <p><i>MnRA opposes:</i></p> <ul style="list-style-type: none"> <li>▪ Efforts to increase the minimum wage above the federal minimum level.</li> <li>▪ Enacting a minimum wage that fails to recognize the differences in labor markets across Minnesota, the minimum wage enacted should establish a single state wage that takes into account the rural economies ability to generate the revenue necessary for a higher wage.</li> <li>▪ Indexing mandated wage levels to an outside index.</li> <li>▪ Efforts by the government to mandate sick leave or further regulate employee paid time off and leaves of absence.</li> </ul>
Recent Legislative History	<p>In 2016, a proposal for a ballot measure initiative to amend the City charter of Minneapolis to include a \$15 minimum wage failed to advance after the Minnesota Supreme Court ruled it was not an appropriate charter amendment issue. In 2014 Minnesota passed a \$9.50 minimum wage indexed to inflation. In August of 2015, the minimum wage increased to \$9.00 an hour. Minnesota also saw a push from interest groups to increase the minimum wage to \$15 per in Minneapolis. This initiative has not passed, but is ongoing. A bill for the state preemption of minimum wage failed to pass at the Legislature this year.</p> <p>In 2017 a bill to provide state uniformity of labor laws was passed by the Legislature but vetoed by the Governor.</p>

## Alcohol

Background	Currently, Minnesota law restricts the sale of wine in grocery stores and has 3.2 beer in statute. As of November 2019, Minnesota is the very last state where manufacturers deliver 3.2 beer product.
Policy Position	<p><i>MnRA supports:</i></p> <ul style="list-style-type: none"> <li>▪ Legislation that would allow licensed retailers the ability to sell wine, as long as the licensed retailer has appropriate measures in place to verify age and identification.</li> </ul>

- Uniform standards for wine sales across the entire state, both in metropolitan and rural areas.
- Allowing liquor retailers to sell some grocery items such as snack food items.
- Sales of alcohol on Sundays.
- The sales of strong beer where 3.2 licenses are currently allowed.
- Changes to allow local government the ability to extend alcohol licenses to more than one store per corporate entity.
- Laws that modernize alcohol delivery to customers.

Recent  
Legislative  
History

A bipartisan effort to allow liquor stores in Minnesota to open their doors to consumer sales on Sundays failed to pass this year with champions calling 2015 another building year for the effort. However, as an incremental step forward, the legislature passed legislation to allow microbrewers to sell off-sale 64oz Growlers on Sundays.

In 2017, the Legislature passed and the Governor signed a bill allowing liquor sales on Sundays at licenses retailers.

In 2018, ~~and~~ 2019 ~~and~~ 2020 MnRA unsuccessfully championed a bill to allow 3.2 off-sale sellers to sell stronger strength beer.

## Workforce Development

**Background** A quality education system is something Minnesotans have boasted about for many years. K-12 education is one of the biggest expenditures in Minnesota's budget. MnRA supports a strong, accountable school system that facilitates the creation of a strong workforce.

**Policy Position** *MnRA supports:*

- Reform in Minnesota's K-12 education system which improves academic results and increases student achievement and skills.
- Classroom-centric funding tied with measurable results for achievement.
- Accountability in higher education so that institutions seek input from retail to make certain that students are adequately trained for the workplace.
- A strong transportation system developed with workforce and customer mobility at the center.

*MnRA opposes:*

- Additional expenditures on education without appropriate reforms as described above.

Recent Legislative History	Minnesota has made changes to education laws in recent years in the areas of testing and standards.
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## Workplace Issues

**Background** Workplace issues tend to appear during the legislative session without warning. These include mandatory time-and-a-half on Sundays/holidays, paid time off for employees donating blood, paid parental leave, mandatory unpaid or paid time off for full or part-time employees and terminated employee's rights to company information, wage theft protection, and restrictive scheduling.

Worker's compensation reform is frequently debated at the State Capitol. Pharmacies are quickly being blamed as major cost drivers for workers compensation, but the real cost increases are due to other factors such as legal costs, the need for legal reform and out of control health care costs.

- Policy Position**
- MnRA supports:*
- Safe and healthy work environments for employees.
  - Significant changes to the workers compensation program as proposed by the Worker's Compensation Council.
  - Changes to the workers compensation system that would bring insurance premium increases under control.
  - Efforts providing flexibility to employers to pay wages through a payroll card.
  - Employer flexibility in earning statement delivery.
  - Allowing employers to make hiring and firing decisions based on an employee's use of medical cannabis when that employee holds a safety-sensitive position.
  - Employee opportunity to work a closing and opening shift.
  - Enforcement of existing labor laws.
  - Employer flexibility to schedule based on need.
- MnRA opposes:*
- Scheduling regulations that unfairly restrict the employer/employee workplace relationship. Mandatory paid or unpaid time off.
  - State legislation that is inconsistent or more strict than federal regulations.
  - Mandated time off for select groups of employees.
  - Efforts to further restrict information collected on a job application by a retailer related to criminal history.
  - Restricting an employer's ability to test for drug use.
  - Employer "shame reporting".
  - Efforts to restrict a retailer's ability to make scheduling, work hour, and operational changes and/or impose penalties on retailers for such changes.

- Extending a contractor’s workplace liabilities to an organization that is not the contractor.
- Local workplace rules and ordinances more restrictive than state laws.

#### Recent Legislative History

During the 2016 session, a bill mandating that employers provide paid family and medical leave benefits for up to 12 weeks funded with a 50/50, employer/employee payroll tax did not pass. Minnesota also debated a sick and safe leave bill in 2014 and 2015, proposing an hour of leave for every 30 hours worked. The measure did not pass. Also in 2015, the legislature saw introduction of a restrictive scheduling bill that would require employers to post employee schedules 21 days in advance of their shift. This legislation would also provide employees the right to decline a scheduled shift that starts less than 11 hours from an ending shift. The scheduling bill failed to pass. In 2015, the City of Minneapolis also introduced a restrictive scheduling and paid sick time ordinance. This ordinance will be addressed in 2016 after City Council reviews the recommendations of a City commissioned workplace partnership working group.

In 2013 Minnesota passed “ban the box”. Also in 2013, Minnesota passed a “medical cannabis” bill.

In 2017, the Legislature passed, and the Governor vetoed a bill establishing uniformity of labor and benefit standards across the state, preempting local ordinances in this area.

In addition, lawsuits against the City of Minneapolis relating to local ordinances on paid sick/safe leave and minimum wage are pending in the courts.

In 2019, the State and City of Minneapolis passed wage theft bills. In addition, in 2019 the State Legislature had a robust conversation on paid family and medical leave as well as paid sick leave. Both issues are likely to return in 2020.