

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Discussion of External Workforce Regulations: Minimum Wage and Paid Sick Leave
<b>DEPARTMENT:</b>	City Manager's Office
<b>PRESENTED BY:</b>	Alex Herzog, CMO Management Analyst
<b>ACTION:</b>	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:**

Several Councilmembers have expressed interest in implementing citywide minimum wage and paid sick leave regulations. Regionally, nationally, and internationally, there are a number of different models for each, some of which are more widely adopted than others. Locally, SeaTac, Seattle, and Tacoma have implemented minimum wage and paid sick and safe time and other workforce regulations.

The local and national polices discussed in this staff report are examples and not meant as specific proposals for Council consideration. Nor is staff recommending any be used explicitly as models for similar legislation. Further outreach, legal review, and policy development would have to be conducted if the Council is in favor of enacting any external workforce regulation. Further, if the City enacts workforce regulations, other local jurisdictions' experiences with implementing these regulations indicate that Shoreline may need additional full-time staff for purposes of outreach and enforcement of these regulations.

Alternatively, Initiative 1433 (Attachment A), currently scheduled for statewide voter consideration in the November 8, 2016 General Election, would gradually increase the State's minimum wage to \$13.50 in 2020 and require employers throughout the state to provide one hour of paid sick leave for every 40 hours worked. Approval of this statewide Initiative would potentially usurp the need for local regulations to be enacted.

**RESOURCE/FINANCIAL IMPACT:**

There is no financial impact of tonight's discussion. Each external workforce regulation discussed tonight carries its own costs and other impacts. Financial, legal, and other in-depth analysis for any specific regulation have not been conducted. And, depending on the specifications of each regulation (i.e. thresholds for number of workers a business employs, number of hours worked by employees, definition of full-time employees, etc.), the impacts on Shoreline's approximate 2,600 businesses are unknown.

It is also important to note that the City's employees and budget may also be impacted by paid sick leave and minimum wage regulations. Currently, the City offers paid sick leave to full-time City employees; regular part-time employees accrue sick leave based on a pro-rata amount to reflect their normally scheduled workweek as compared to a full-time workweek of 40 hours; and extra help employees are not eligible for this benefit. And, many 'Extra Help' positions within the City are paid an hourly rate slightly above the state's 2016 minimum wage of \$9.47 per hour. If Council adopted regulations similar to those enacted locally, these workers would receive an increase in pay and begin accruing paid sick leave based on the number of hours worked. For example, a 2015 staff analysis showed that if a \$15 per hour minimum wage were established in the City, 145 Shoreline employees would be affected, resulting in a \$191,970 cost increase in the City's budget.

Further, if the City enacts workforce regulations, other local jurisdictions' experiences with implementing these regulations indicate that Shoreline may need additional full-time staff for purposes of outreach and enforcement of these regulations.

### **RECOMMENDATION**

No formal action is required at this time though staff recommends that Council suspend outreach and development efforts of paid sick leave and minimum wage regulations in consideration of Initiative 1433, a statewide measure which is on track for voter consideration in the November 8 General Election. Initiative 1433 would gradually increase the State's minimum wage to \$13.50 in 2020 and require employers throughout the state to provide one hour of paid sick leave for every 40 hours worked.

Approved By:            City Manager ***DT***    City Attorney ***MK***

## **BACKGROUND**

Several Councilmembers have expressed interest in implementing citywide minimum wage and paid sick leave regulations. Regionally, nationally, and internationally, there are a number of different models for each, some of which are more widely adopted than others. Locally, SeaTac, Seattle, and Tacoma have implemented minimum wage and paid sick and safe time and other workforce regulations.

The local and national polices discussed in this staff report are examples and not meant as specific proposals for Council consideration or to be used explicitly as models for similar legislation. Further outreach and policy development would have to be conducted if the Council is in favor of enacting any external workforce regulation. If the City enacts workforce regulations, local jurisdictions' experiences with implementing and enforcing these regulations indicate that Shoreline may need additional full-time staff for outreach and enforcement purposes.

### **Paid Sick Leave**

Paid Sick leave is generally time off from work that workers can use to stay home to address their health and safety needs without losing pay. Paid sick leave is a statutory requirement in many nations around the world; however, few jurisdictions in the US have such requirements.

Some paid sick leave models in the US include tiers by which employers must give employees paid sick leave depending on the number of hours worked per month and the total number of workers employed. For example, Seattle's paid sick and safe time leave, which took effect in September 2012, includes three tiers: employees at Tier I and II businesses (businesses that have more than four and fewer than 50 full-time equivalents, and businesses that have at least 50 and fewer than 250 full-time equivalents, respectively) accumulate one hour of paid sick leave for every 40 hours worked; employees at Tier III businesses (businesses that have 250 or more full-time equivalents) accumulate one hour of paid sick leave for every 30 hours worked.

Twenty cities across the US, including SeaTac, Seattle, Spokane, Tacoma, and Portland have laws that allow workers to earn paid sick days to recover from a short-term illness, care for a sick family member or seek routine medical care. Some of those also include provisions for paid "safe" days that provide earned leave that allows survivors of domestic violence, sexual assault, harassment and stalking to seek services related to these incidents.

Connecticut, California, Massachusetts and Oregon are the only states in the nation with statewide paid sick leave laws in effect that allow a significant share of workers in the state to earn paid sick days to recover from illness, seek medical care, or care for a sick family member. Here too, some include provisions for paid "safe" days that provide earned leave that allows survivors of domestic violence, sexual assault, stalking or harassment to seek services related to these incidents.

For reference, the City currently offers paid sick leave to full-time City employees; regular part-time employees accrue sick leave based on a pro-rata amount to reflect their normally scheduled workweek as compared to a full-time workweek of 40 hours; and extra help employees are not eligible for this benefit. If Council adopted paid sick leave regulations similar to those enacted locally, these workers would begin accruing paid sick leave based on the number of hours worked.

### **Minimum Wage Regulations**

Washington State's 2016 minimum wage is \$9.47, and each year it is adjusted for inflation. A growing number of cities are examining the costs and benefits of implementing citywide laws that increase the minimum wage beyond the state requirement. Proponents say that local minimum wage regulations allow higher-cost cities to set minimum wage rates that better correspond to higher local living costs. Generally speaking, cities phase-in such laws over a period of years to help mitigate financial burdens on businesses.

As an example, Seattle's Minimum Wage Ordinance, adopted by the Seattle City Council in June 2014, took effect on April 1, 2015. The legislation provided for an increase in the minimum wage in Seattle to \$15 an hour, phased in over time:

- **Small employers** (businesses with fewer than 500 employees) will reach a \$15 an hour minimum wage in seven years. Also established is a temporary guaranteed minimum compensation responsibility of \$15 an hour to be met within the first five years, which can be achieved by combining employer-paid health care contributions, consumer-paid tips, and employer-paid wages.
- **Large employers** (businesses with 500 or more employees, either in Seattle or nationally) will reach \$15 per hour in three years. The wages of employees who receive health care benefits will reach \$15 per hour in four years.

Similarly, in November 2015, Tacoma voters approved (with 75% voter approval) a \$12 per hour city minimum wage phased in over two years. The new minimum wage applies to almost all employees who work at least 80 hours per year within Tacoma city limits. It began with an increase to \$10.35 per hour on February 1, 2016. A separate ballot measure also on the November 2015 ballot to increase the minimum wage to \$15 an hour did not pass.

If Council is interested in enacting minimum wage regulations, impacts on the City's employees and overall financial picture should be considered. Many 'Extra Help' positions within the City are paid an hourly rate slightly above the state's 2016 minimum wage of \$9.47 per hour and would conceivably receive an increase should Council enact minimum wage regulations similar to other local jurisdictions. Below is a 2015 estimate of potential impacts on the City and some of its employees for various increases in the minimum wage of \$9.47 per hour:

<b>What if in 2015 ...</b>	<b># of affected people in 2015</b>	<b># of affected hours in 2015</b>	<b>Cost increase in 2015*</b>
\$1 over State Min Wage, \$10.47	76	18,911.00	\$12,284
\$2 over State Min Wage, \$11.47	105	30,757.75	\$39,536
\$3 over State Min Wage, \$12.47	130	39,188.25	\$76,656
\$4 over State Min Wage, \$13.47	139	41,146.25	\$119,613
\$5 over State Min Wage, \$14.47	144	43,995.50	\$166,553
\$5.53 over State Min Wage, \$15.00	145	44,737.00	\$191,970

*\*Includes increase to hourly rate, 401.a and Medicare; excludes the occasional impact of DRS contributions if and when a position qualifies.*

## **DISCUSSION**

There are a number of developments at the state level that may impact the City's desire and ability to implement its own minimum wage and paid sick and safe time regulations.

### **Potential Statewide Regulations**

#### **Initiative 1433**

Initiative 1433, if approved by a simple majority of voters in the November 8, 2016 General Election, would raise the state minimum wage incrementally over four (4) years to \$13.50 per hour. Tips and service charges paid to an employee are in addition to and may not count towards the employee's hourly minimum wage.

The initiative also provides, beginning January 1, 2018, opportunities for workers who lack the benefit to earn up to seven days per year of paid sick leave by accruing one hour of paid sick leave for every 40 hours worked. Employers who already provide wages or paid sick leave equal to or greater than the minimums outlined above would not be affected by this initiative. And, cities like Seattle, SeaTac and any other municipality that has chosen or chooses in the future to enact higher minimum wages or sick leave standards are free to do so under I-1433.

Though Shoreline's full-time regular employees accrue sick leave (and regular part-time employees at a pro-rata amount), Extra Help employees do not. If the initiative passes, the City will have to increase pay for and begin allowing a number of Extra Help employees to accrue sick leave.

Over the coming months, 246,372 valid voter signatures will need to be gathered to qualify this initiative for the November 8 General Election ballot.

Below is a comparison of local hourly minimum wage regulations and those proposed in Initiative 1433:

	2014	2015	2016	2017	2018	2019	2020
<b>City of SeaTac*</b>	\$15						
<b>City of Seattle**</b>	State wage	\$11	\$12	\$13	\$14	\$15	
<b>City of Tacoma</b>	State wage	State wage	\$10.35	\$11.15	\$12		
<b>I-1433</b>	State wage	State wage	State wage	\$11	\$11.50	\$12	\$13.50

\*Minimum wage increases only for workers in the transportation and hospitality industries.

\*\*For employees not receiving benefits or tips working at businesses that employ 500 or fewer workers.

**Note:** At the end of the incremental increases noted above, each minimum wage regulation includes provisions for annual increases based on the rate of inflation.

### State Preemption and Prohibition

On February 1, 2016, the Washington State Senate Commerce & Labor Committee heard two proposals that would preempt cities from enacting minimum wage laws. The first proposal, Senate Bill 6087, increases the state minimum wage of \$9.47. Under this bill, employers who provide medical benefits would continue to be covered under the current state minimum wage. However, the minimum wage for employers who do not offer medical benefits would increase over five years until it reaches \$13 per hour on January 1, 2020. Employers would be able to take credits against the new minimum wage for tipped employees and sick leave. The proposal would not impact current minimum wage ordinances enacted by cities, but cities would be preempted from enacting new minimum wage laws.

Senate Bill 6087 received a hearing in the Senate Commerce & Labor Committee on February 1, but the bill did not make it out of committee during the regular legislative session this spring. This bill is not expected to progress during the current special session of the legislature.

The second proposal, Senate Bill 6578, prohibits cities, towns, and port districts from enacting any laws or regulations related to private employer wages, hours of work, employee retention, or leave. It also voids any current local laws or regulations on these issues. This bill passed out of the Senate Commerce & Labor Committee on February 4 with a split 4-3 vote along party lines. This bill now sits in the Rules Committee and requires a majority caucus vote to move it to the floor.

At the end of the regular session, this bill had not moved out of the Senate Rules Committee. Similar to SB 6087, this bill is not expected to progress during the current special session. Even if it did, it is unlikely the House would address the bill.

While both of these bills appear dead for this legislative session, it is always a possibility that they could be reintroduced in the legislature in the future, providing a potential threat to local minimum wage/sick leave regulations.

### **External Workforce Regulations Results/Impacts**

Regionally, the full impacts of minimum wage and paid sick and safe time regulations on businesses are not yet fully known. Anecdotal negative impacts such as increased unemployment and rising costs for services and goods have so far not come to fruition. However, most jurisdictions that have substantially increased the state minimum wage have done so relatively recently and it is possible that not enough time has passed for full impacts to be felt. Additionally, minimum wage and paid sick and safe time regulations may have substantially different impacts from one business sector to another. Other factors, such as the general strength of the economy in an area may mitigate or exacerbate impacts as well. Studies in the coming years and months will provide further information on impacts.

In the meantime, in July 2014, one month after the Seattle City Council's vote to raise the city's minimum wage to \$15 by 2021, a team including University of Washington faculty and economists from the Washington State Employment Security Department convened to begin a research project evaluating the impact of the minimum wage ordinance.

Initial study results of Seattle's minimum wage increase to \$11 per hour show no statistically significant impact on consumer prices broadly. While consumer prices in Seattle increased by an average of one to two percent in the period between April and December, prices increased in locations just outside the City by a roughly equivalent amount. There was a noticeable uptick in restaurant prices in Seattle, which averaged 7.7% higher after April 1 compared to the baseline levels observed in March, but data collection did not permit reliable computation of a price trend in the surrounding area. Price data collection efforts resumed in 2016, following the January 1, 2016 increase to as much as \$13 per hour.

Originally conceived as a study of a single city, the UW minimum wage study will expand its scope to consider wage increases nationwide. The team expects to release its first comprehensive, nationwide analysis in June 2016. Staff will continue to monitor this study and its findings as they are available.

### **Outreach and Enforcement**

Shoreline staff met with Seattle staff that developed the city's multiple external workforce regulations (paid sick and safe time, minimum wage, fair chance employment and wage theft) to discuss each and recent amendments adopted by the Seattle City Council in December 2015. Among the recently adopted amendments were those that aimed to bolster the city's enforcement capabilities and strengthen penalties for businesses found in violation. Attachment B provides a postcard that the City of Seattle provided to businesses regarding their newly adopted minimum wage regulations.

Also discussed with Seattle staff were the significant business outreach efforts that Seattle staff is regularly undertaking after continually finding that businesses in Seattle were unaware of the regulations three years after their enactment, and therefore not in compliance. In fact, the Seattle City Council recently allocated \$1 million to fund two years' worth of business outreach efforts regarding paid sick and safe time leave regulations to improve compliance.

If the City were to enact its own external workforce regulations, other jurisdictions' experiences with implementing and enforcing similar regulations indicate that Shoreline may need additional full-time staff for outreach and enforcement purposes should similar regulations be adopted.

The City Council could choose to follow an "external" enforcement process more similar to that found in Sea Tac's regulations. Those regulations provide that an employee may file an action in superior court to enforce the regulations and provide a presumption of non-compliance and other penalties if businesses do not comply, keep records or file required reports that the regulations require be filed with the City. Such an approach would reduce the amount of City staff needed for enforcement, however, there will still need to be some administrative oversight and outreach to the businesses and employees. With any enforcement provisions the Council will want to consider the costs to businesses and employees, as well as whether a particular approach will provide compliance with the regulations.

If Initiative 1433 is approved by voters, outreach and enforcement would fall to the State Department of Labor and Industries.

### **POTENTIAL OPTIONS**

There are three preliminary policy/action options for Council consideration regarding external workforce regulations, the third of which is recommended by staff:

#### **Option 1: Move Forward with External Workforce Regulation Adoption**

Council could adopt a paid sick leave and/or minimum wage regulations via ordinance in the next few months.

While this option would require further analysis on particular specifications in each type of regulation (thresholds for number of workers a business employs, number of hours worked by employees, definition of full-time employees, etc.), it would potentially be the most expedient. To develop the City's regulations, other local jurisdictions' regulations might be used as a model.

Adoption of workforce regulations in the next few months would limit the City's ability to communicate and work with the business community to fully understand concerns and impacts. If this option is favored by Council, staff recommends that at the least, a letter be sent to businesses in the City stating and explaining the City's development of workforce regulations and a preliminary timeline of adoption and enactment.



### Option 2: Conduct Business Outreach

Council could request staff begin an outreach program to businesses regarding paid sick leave and/or minimum wage regulations. Comments and findings generated through this process could be brought back to Council for further consideration and discussion with the intent on using this information to potentially inform the City's workforce regulation development.

An outreach program and timeline would have to be developed to determine how and when feedback from businesses in the City would be gathered. This program could include surveys, focus groups, and other methods to gather feedback.

This option would require more time than Option 1 for more extensive communication and outreach with businesses in the City.

### Option 3: Temporarily Suspend Activities in Consideration of Initiative 1433

Council could suspend outreach and development efforts of paid sick leave and minimum wage regulations in consideration of Initiative 1433. Staff recommends this option.

To be included on the November 8 General Election ballot, 246,372 valid voter signatures in support of Initiative 1433 will need to be gathered. July 8 is the last day for signatures to be submitted to the Secretary of State, and a determination of eligibility would be rendered by mid-September. Council could suspend external workforce regulation activities until mid-September where a determination on the initiative's eligibility will be rendered by the State. If the initiative is not eligible for the November 8 General Election, Council could direct staff to resume outreach and development efforts of paid sick leave and minimum wage regulations.

If the initiative is eligible for that election, and passes, Council could then further consider if the regulations therein will suffice or need bolstering. If in that election, the measure does not pass, Council might consider reviewing the measure's popularity within the City to determine if residents might support enacting similar regulations locally.

## **FINANCIAL IMPACT**

There is no financial impact of tonight's discussion. Each external workforce regulation discussed tonight carries its own costs and other impacts. Financial, legal, and other in-depth analysis for any specific regulation have not been conducted. And, depending on the specifications of each regulation (i.e. thresholds for number of workers a business employs, number of hours worked by employees, definition of full-time employees, etc.), the impacts on Shoreline's approximate 2,600 businesses are unknown.

It is also important to note that the City's employees and budget may also be impacted by paid sick leave and minimum wage regulations. Currently, the City offers paid sick leave to full-time City employees; regular part-time employees accrue sick leave based on a pro-rata amount to reflect their normally scheduled workweek as compared to a

full-time workweek of 40 hours; and extra help employees are not eligible for this benefit. And, many 'Extra Help' positions within the City are paid an hourly rate slightly above the state's 2016 minimum wage of \$9.47 per hour. If Council adopted regulations similar to those enacted locally, these workers would receive an increase in pay and begin accruing paid sick leave based on the number of hours worked. For example, a 2015 staff analysis showed that if a \$15 per hour minimum wage were established in the City, 145 Shoreline employees would be affected, resulting in a \$191,970 cost increase in the City's budget.

### **RECOMMENDATION**

No formal action is required at this time. Staff recommends that Council discuss the external workforce regulation concepts and determine if there is additional information needed that staff may bring back for further discussion. Seattle and other local and national regulations are discussed below as examples and are not meant as proposals for Council consideration or to be used explicitly as models for similar legislation.

### **ATTACHMENTS**

Attachment A: Proposed Initiative 1433

Attachment B: City of Seattle Minimum Wage Regulation Postcard

AN ACT Relating to fair labor standards; amending RCW 49.46.005, 49.46.020, 49.46.090, 49.46.100, and 49.46.120; adding new sections to chapter 49.46 RCW; prescribing penalties; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** It is the intent of the people to establish fair labor standards and protect the rights of workers by increasing the hourly minimum wage to \$11.00 (2017), \$11.50 (2018), \$12.00 (2019) and \$13.50 (2020), and requiring employers to provide employees with paid sick leave to care for the health of themselves and their families.

**Sec. 2.** RCW 49.46.005 and 1961 ex.s. c 18 s 1 are each amended to read as follows:

(1) Whereas the establishment of a minimum wage for employees is a subject of vital and imminent concern to the people of this state and requires appropriate action by the legislature to establish minimum standards of employment within the state of Washington, therefore the legislature declares that in its considered judgment the health, safety and the general welfare of the citizens of this state require the enactment of this measure, and exercising its police power, the legislature endeavors by this chapter to establish a minimum wage for employees of this state to encourage employment opportunities within the state. The provisions of this chapter are enacted in the exercise of the police power of the state for the purpose of protecting the immediate and future health, safety and welfare of the people of this state.

(2) Since the enactment of Washington's original minimum wage act, the legislature and the people have repeatedly amended this chapter to establish and enforce modern fair labor standards, including periodically updating the minimum wage and establishing the forty-hour workweek and the right to overtime pay.

(3) The people hereby amend this chapter to conform to modern fair labor standards by establishing a fair minimum wage and the right to paid sick leave to protect public health and allow workers to care for the health of themselves and their families.

**PART I**

**ESTABLISHING FAIR LABOR STANDARDS BY INCREASING THE MINIMUM HOURLY WAGE TO \$11.00 (2017), \$11.50 (2018), \$12.00 (2019) AND \$13.50 (2020)**

**Sec. 3.** RCW 49.46.020 and 1999 c 1 s 1 are each amended to read as follows:

~~(1) ((Until January 1, 1999, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than four dollars and ninety cents per hour.~~

~~(2) Beginning January 1, 1999, and until January 1, 2000, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than five dollars and seventy cents per hour.~~

~~(3) Beginning January 1, 2000, and until January 1, 2001, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than six dollars and fifty cents per hour.~~

~~(4))~~ (a) Beginning January 1, 2017, and until January 1, 2018, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than eleven dollars per hour.

(b) Beginning January 1, 2018, and until January 1, 2019, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than eleven dollars and fifty cents per hour.

(c) Beginning January 1, 2019, and until January 1, 2020, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than twelve dollars per hour.

(d) Beginning January 1, 2020, and until January 1, 2021, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than thirteen dollars and fifty cents per hour.

(2)(a) Beginning on January 1, (~~(2001)~~) 2021, and each following January 1st as set forth under (b) of this subsection, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than the amount established under (b) of this subsection.

(b) On September 30, (~~(2000)~~) 2020, and on each following September 30th, the department of labor and industries shall calculate an adjusted minimum wage rate to maintain employee purchasing power by increasing the current year's minimum wage rate by the rate of inflation. The adjusted minimum wage rate shall be calculated to the nearest cent using the consumer price index for urban wage earners and clerical workers, CPI-W, or a successor index, for the twelve months prior to each September 1st as calculated by the United States department of labor. Each adjusted minimum wage rate calculated under this subsection (~~((4))~~) (2)(b) takes effect on the following January 1st.

~~((5))~~ (3) An employer must pay to its employees: (a) All tips and gratuities; and (b) all service charges as defined under RCW 49.46.160 except those that, pursuant to RCW 49.46.160, are itemized as not being payable to the employee or employees servicing the customer. Tips and service charges paid to an employee are in addition to, and may not count towards, the employee's hourly minimum wage.

(4) Beginning January 1, 2018, every employer must provide to each of its employees paid sick leave as provided in Part II of this act.

(5) The director shall by regulation establish the minimum wage for employees under the age of eighteen years.

**PART II**

**ESTABLISHING FAIR LABOR STANDARDS BY REQUIRING EMPLOYERS TO**

**PROVIDE PAID SICK LEAVE TO EMPLOYEES**

NEW SECTION. **Sec. 4.** The demands of the workplace and of families need to be balanced to promote public health, family stability, and economic security. It is in the public interest to provide reasonable paid sick leave for employees to care for the health of themselves and their families. Such paid sick leave shall be provided at the greater of the newly increased minimum wage or the employee's regular and normal wage.

NEW SECTION. **Sec. 5.** (1) Beginning January 1, 2018, every employer shall provide each of its employees paid sick leave as follows:

(a) An employee shall accrue at least one hour of paid sick leave for every forty hours worked as an employee. An employer may provide paid sick leave in advance of accrual provided that such front-loading meets or exceeds the requirements of this section for accrual, use, and carryover of paid sick leave.

(b) An employee is authorized to use paid sick leave for the following reasons:

(i) An absence resulting from an employee's mental or physical illness, injury, or health condition; to accommodate the employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or an employee's need for preventive medical care;

(ii) To allow the employee to provide care for a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or care for a family member who needs preventive medical care; and

(iii) When the employee's place of business has been closed by order of a public official for any health-related reason, or when an employee's child's school or place of care has been closed for such a reason.

(c) An employee is authorized to use paid sick leave for absences that qualify for leave under the domestic violence leave act, chapter 49.76 RCW.

(d) An employee is entitled to use accrued paid sick leave beginning on the ninetieth calendar day after the commencement of his or her employment.

(e) Employers are not prevented from providing more generous paid sick leave policies or permitting use of paid sick leave for additional purposes.

(f) An employer may require employees to give reasonable notice of an absence from work, so long as such notice does not interfere with an employee's lawful use of paid sick leave.

(g) For absences exceeding three days, an employer may require verification that an employee's use of paid sick leave is for an authorized purpose. If an employer requires verification, verification must be provided to the employer within a reasonable time period during or after the leave. An employer's requirements for verification may not result in an unreasonable burden or expense on the employee and may not exceed privacy or verification requirements otherwise established by law.

(h) An employer may not require, as a condition of an employee taking paid sick leave, that the employee search for or find a replacement worker to cover the hours during which the employee is on paid sick leave.

(i) For each hour of paid sick leave used, an employee shall be paid the greater of the minimum hourly wage rate established in this chapter or his or her normal hourly compensation. The employer is responsible for providing regular notification to employees about the amount of paid sick leave available to the employee.

(j) Unused paid sick leave carries over to the following year, except that an employer is not required to allow an employee to carry over paid sick leave in excess of forty hours.

(k) This section does not require an employer to provide financial or other reimbursement for accrued and unused paid sick

leave to any employee upon the employee's termination, resignation, retirement, or other separation from employment. When there is a separation from employment and the employee is rehired within twelve months of separation by the same employer, whether at the same or a different business location of the employer, previously accrued unused paid sick leave shall be reinstated and the previous period of employment shall be counted for purposes of determining the employee's eligibility to use paid sick leave under subsection (1)(d) of this section.

(2) For purposes of this section, "family member" means any of the following:

(a) A child, including a biological, adopted, or foster child, stepchild, or a child to whom the employee stands in loco parentis, is a legal guardian, or is a de facto parent, regardless of age or dependency status;

(b) A biological, adoptive, de facto, or foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child;

(c) A spouse;

(d) A registered domestic partner;

(e) A grandparent;

(f) A grandchild; or

(g) A sibling.

(3) An employer may not adopt or enforce any policy that counts the use of paid sick leave time as an absence that may lead to or result in discipline against the employee.

(4) An employer may not discriminate or retaliate against an employee for his or her exercise of any rights under this chapter including the use of paid sick leave.

**PART III**

**MISCELLANEOUS**



NEW SECTION. **Sec. 6.** (1) Beginning January 1, 2017, all existing rights and remedies available under state or local law for enforcement of the minimum wage shall be applicable to enforce all of the rights established under this act.

(2) The state shall pay individual providers, as defined in RCW 74.39A.240, in accordance with the minimum wage, overtime, and paid sick leave requirements of this chapter.

**Sec. 7.** RCW 49.46.090 and 2010 c 8 s 12043 are each amended to read as follows:

(1) Any employer who pays any employee less than ~~((wages))~~ the amounts to which such employee is entitled under or by virtue of this chapter, shall be liable to such employee affected for the full amount ~~((of such wage rate))~~ due to such employee under this chapter, less any amount actually paid to such employee by the employer, and for costs and such reasonable attorney's fees as may be allowed by the court. Any agreement between such employee and the employer ~~((to work for))~~ allowing the employee to receive less than ~~((such wage rate))~~ what is due under this chapter shall be no defense to such action.

(2) At the written request of any employee paid less than the ~~((wages))~~ amounts to which he or she is entitled under or by virtue of this chapter, the director may take an assignment under this chapter or as provided in RCW 49.48.040 of such ~~((wage))~~ claim in trust for the assigning employee and may bring any legal action necessary to collect such claim, and the employer shall be required to pay the costs and such reasonable attorney's fees as may be allowed by the court.

**Sec. 8.** RCW 49.46.100 and 2010 c 8 s 12044 are each amended to read as follows:

(1) Any employer who hinders or delays the director or his or her authorized representatives in the performance of his or her duties in the enforcement of this chapter, or refuses to admit the

director or his or her authorized representatives to any place of employment, or fails to make, keep, and preserve any records as required under the provisions of this chapter, or falsifies any such record, or refuses to make any record accessible to the director or his or her authorized representatives upon demand, or refuses to furnish a sworn statement of such record or any other information required for the proper enforcement of this chapter to the director or his or her authorized representatives upon demand, or pays or agrees to pay (~~wages at a rate less than the rate applicable~~) an employee less than the employee is entitled to under this chapter, or otherwise violates any provision of this chapter or of any regulation issued under this chapter shall be deemed in violation of this chapter and shall, upon conviction therefor, be guilty of a gross misdemeanor.

(2) Any employer who discharges or in any other manner discriminates against any employee because such employee has made any complaint to his or her employer, to the director, or his or her authorized representatives that he or she has not been paid wages in accordance with the provisions of this chapter, or that the employer has violated any provision of this chapter, or because such employee has caused to be instituted or is about to cause to be instituted any proceeding under or related to this chapter, or because such employee has testified or is about to testify in any such proceeding shall be deemed in violation of this chapter and shall, upon conviction therefor, be guilty of a gross misdemeanor.

**Sec. 9.** RCW 49.46.120 and 1961 ex.s. c 18 s 4 are each amended to read as follows:

This chapter establishes ((a)) minimum standards for wages, paid sick leave, and working conditions of all employees in this state, unless exempted herefrom, and is in addition to and supplementary to any other federal, state, or local law or ordinance, or any rule or regulation issued thereunder. Any standards relating to wages, hours, paid sick leave, or other working conditions established by

any applicable federal, state, or local law or ordinance, or any rule or regulation issued thereunder, which are more favorable to employees than the minimum standards applicable under this chapter, or any rule or regulation issued hereunder, shall not be affected by this chapter and such other laws, or rules or regulations, shall be in full force and effect and may be enforced as provided by law.

NEW SECTION. **Sec. 10.** The state department of labor and industries must adopt and implement rules to carry out and enforce this act, including but not limited to procedures for notification to employees and reporting regarding sick leave, and protecting employees from retaliation for the lawful use of sick leave and exercising other rights under this chapter. The department's rules for enforcement of rights under this act shall be at least equal to enforcement of the minimum wage.

NEW SECTION. **Sec. 11.** The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act. Nothing in the act precludes local jurisdictions from enacting additional local fair labor standards that are more favorable to employees, including but not limited to more generous minimum wage or paid sick leave requirements.

NEW SECTION. **Sec. 12.** This act shall be codified in chapter 49.46 RCW and is subject to RCW 49.46.040 (Investigation, etc.) and RCW 49.46.070 (Recordkeeping).

NEW SECTION. **Sec. 13.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 14.** This act takes effect on January 1, 2017.

--- END ---

# Seattle has a new Minimum Wage.

---

Beginning April 1, 2015, employees working in Seattle earn at least **\$11.00**/hour.

The City of Seattle's minimum wage will rise to **\$15.00**/hour over several years.

## TO MEET THE MINIMUM WAGE ON APRIL 1, 2015

### LARGE EMPLOYERS (501+ EMPLOYEES)

Pay hourly rate of at least **\$11.00**/hour.

Beginning 2016, pay a reduced hourly rate if the employer makes payments toward an employee's medical benefits plan.

### SMALL EMPLOYERS (500 OR FEWER EMPLOYEES)

Pay hourly rate of at least **\$11.00**/hour;

Or pay **\$10.00**/hour and make up the balance with employee tips and/or payments toward an employee's medical benefits plan.

### ALSO ON APRIL 1

#### New employee protections on WAGE THEFT!

Employers must pay employees what they're owed and provide written wage/tip info.

### LEARN MORE



- [seattle.gov/laborstandards](http://seattle.gov/laborstandards)
- [minimumwage@seattle.gov](mailto:minimumwage@seattle.gov)
- (206) 684-4500

#### THE OFFICE OF LABOR STANDARDS (OLS) WILL INVESTIGATE POSSIBLE VIOLATIONS

—OLS IS A NEW DIVISION WITHIN THE SEATTLE OFFICE FOR CIVIL RIGHTS—

PRSRT STD  
US POSTAGE  
**PAID**  
PERMIT NO. 5544  
SEATTLE WA