

# **INDEPENDENT BUSINESS ASSOCIATION**

16541 Redmond Way NE #336C  
Redmond, WA 98052

## **SMALL BUSINESS REPORT SMALL BUSINESS REPORT SMALL**

### **IBA SMALL BUSINESS REPORT - May 12, 2017**

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# IBA SMALL BUSINESS REPORT



## April 14, 2017

### 2017 Legislature Goes Into Overtime

Since the House and Senate did not reach an agreement on a two-year state budget, the Governor called the 2017 Legislature into Special Session on April 24<sup>th</sup> that can run for 30 days or until the House and the Senate agree to adjourn, whichever comes first.

Expect the Legislature to go through the motions every 3 days of doing pro-forma sessions where they come into session and immediately adjourn in order to meet the requirements of the state's constitution not to recess for more than three days..

The good news is, that Legislators are not expected to start introducing new policy legislation. There will be some behind the scenes negotiations on a number of other major issues such as Paid Family Leave (more on page 7) and Legislation and addressing the Hirst Supreme Court water decision. Budget negotiators will continue to meet during this time.

This is not a waste of time; it is how budgets are negotiated. Politics is not pretty to watch or orderly, it can drag along for weeks or months with no apparent progress and then a breakthrough occurs. This 2017 budget is more challenging than most budgets in the past because of the K-12 public school funding issue, but it will be resolved when the parties can get past their difference and seriously negotiate an agreed-to state budget. The Governor, House and Senate have very different positions as we will summarize below.

### It's All About Your Money!

Please read this **CAREFULLY** as this is all about YOUR MONEY! Governor Inslee, the House majority Democrats and the Senate Majority must now negotiate a state budget for the next two years that is all about YOUR MONEY!

Governor Inslee and House majority Democrats are stating that the Senate Majority will not engage in meaningful negotiations over the next two-year budget that must pass before the 2017 Legislature can finish its business in 2017. Both the Senate and the House have passed proposed budget. Below is a brief summary of those budgets:

- **Senate:** \$5.5 Billion in new state spending, 34.5% in new funding, The Senate has passed its budget funding proposal that uses a new statewide state school levy to fund its budget. The new proposed funding for the Senate budget will cost the average voter about \$1,375 over 4 years.
- **House:** \$8+ Billion in new state spending, 38% in new funding, The House has NOT passed its budget funding proposal that uses eight major state taxes to fund its budget. Without passing its new proposed taxes, the House budget is not balanced. The new proposed funding for the House budget will cost the average voter about \$1,900 over 4 years.
- **Governor:** \$8+ Billion in new state spending, 38% in new funding, The Governor has proposed 11 major tax changes that have NOT passed either the House or the Senate so the Governor's proposed budget is not balanced.

The next step is to negotiate an agreed-to budget. The state constitution requires the state's budget to be balanced.

The Senate wants to start to negotiate an agreed-to budget by starting with a budget that is balanced (i.e. the Senate Budget) and takes the position that it is irresponsible to start negotiations with a budget that is not balanced, as the House budget is out of balance by \$8 Billion.

The BIG differences are:

- How big will the new budget be? What will be the agreed to total spending? The House proposes to spend more money than the Senate does. This is a big challenge. The following will put this more in perspective for you.
  - The current 2 year state budget that ends on June 30, 2017 is \$32.4 Billion.
  - The current revenue forecast for the state for the next two year budget its \$37.6 Billion based on current state taxes. That's \$3.1 billion more than the current state budget and a 16% increase in state spending based on current taxes
  - State program operating costs are proposed to increase by \$1.8 billion in 2017-2019 due to inflation and increased low income caseloads.
- Plus, Governor Inslee negotiated proposed state employee pay raises and benefit increase costing \$1.7 billion more than under the current state budget.
- The House budget proposes to fully fund the \$1.7 Billion in state employee pay and benefit increase, including teachers.
- The Senate budget proposes to fund \$0.7 billion in pay and benefit

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increases for the Washington State Patrol and the state's correction personnel.

- The House is proposing to spend \$44.9 Billion in the next two year state budget, a 38% increase in state spending as compared the current two year state budget. But the House has not yet voted for the \$8 Billion in new taxes it would require to fund their proposed budget for the next two years
- The Senate is proposing to spend \$43.6 Billion in the next two year state budget, a 34.5% increase in state spending as compared the current two year state budget. The Senate has voted for the new revenues (more below) needed to fund their proposed budget.
- How much will be spent on public schools? They are reasonably close here.
  - In the current state budget that ends on June 30, 2017, the state spends \$16.1 Billion on public schools.
  - The House proposes to spend \$23.96 Billion on K-12 public schools over the next 2 years, a 49% increase over the current two year state budget
  - The Senate proposes to spend \$23.67 Billion on K-12 public schools over the next 2 years, a 47% increase over the current two year state budget
- How is school funding allocated?
  - The House proposes to stick with the long-used "prototypical school model" that is based on staffing levels at a school.
  - The Senate proposes a new per-student allocation of funding and allows the local schools to use the money as the local school districts deem appropriate based on the number of students in the schools..
- Where does the additional funding for the additional spending come

from? There are sharp differences between the Senate and the House.

- The Senate is proposing a statewide school levy to replace the local school levies that were outlawed by the Washington State Supreme Court McCleary decision. The Senate funding plan applies to both individuals and businesses. The Senate has passed their funding and thus has a balanced budget proposal.
- The House is proposing 8 new taxes, many of which target small businesses and some of which will likely be subject to court challenges. See page 3 for more details. The House has not yet voted on their funding proposal. The Senate has voted on two of the 8 new taxes and both failed as described below. Thus, the House budget proposal is not balanced.

The Governor and the House appear unwilling to negotiate an agreed-to budget that starts with the Senate's balanced budget proposal.

## Senate Plays Hard Ball On New House Proposed Taxes

On Friday, April 21st, the Senate Majority brought to the Senate floor, SB 5111, a proposed Capital Gains Tax in the same form as the House of Representatives has proposed but that the House has not voted on. The final vote on SB 5111 was 0-yeyes, 48-nays, 1-excused, and 0-absent. All Democrats and all Republicans voted Nay. The Senate Majority is using this vote on SB 5111 as proof that the House proposed budget that relies on the funding raised by SB 5111, is not a viable budget. .

On Friday, April 21st, the Senate Majority brought to the Senate floor, SB 5113, a proposed 20% B&O Tax Increase in the same form as the House

of Representatives has proposed but that the House has not voted on. The final vote on SB 5113 was 0-yeyes, 48-nays, 1-excused, and 0-absent. All Democrats and all Republicans voted Nay. The Senate Majority is using this vote on SB 5113 as proof that the House proposed budget that relies on the funding raised by SB 5113, is not a viable budget.

House and Senate Democrats are angry saying these votes in the Senate were nothing more than a political stunt. The Senate Majority says that these votes were necessary to show the public, the House and Senate Democrats, and the Governor that the higher taxes proposed by the House and the Governor are not politically viable.

## Senate Hears House Tax Bill

On April 26th, the Senate Majority held a hearing on SB 5929 that is a clone of the same 8-tax increase proposal the House has proposed to balance the House proposed budget. IBA was there to testify against SB 5929 along with two IBA members who also testified against SB 5929. This is another attempt by the Senate Majority to show the House Majority Democrats, the Governor, and the public that the House Proposed budget is not a viable budget because the \$8 Billion in new state taxes proposed to fund the House Budget are not supported.

IBA's testimony focused on the following:

- IBA began with what proponents of SB 5929 are saying. They say SB 5929 will help small businesses. They say:
  - "Small businesses are overburdened under the state's regressive tax structure. Even though they might have low profit margins, small businesses are taxed at the same rate as high grossing corporations. These large corporations often receive special tax breaks from which smaller businesses don't

- benefit.”
- Our proposal will relieve 72% of small businesses from B&O tax
  - Our proposal will increase taxes on large business taxpayers with 20% tax increase”
  - IBA countered their claims with data from the U.S. Small Business Administration that:
    - There are 552,884 small businesses in Washington State, 98 percent of all private businesses in the state
    - 412,542 of these business are owner operated small businesses with no employees. Those 412,542 small businesses make up 74% of the small businesses in Washington State, almost the same percentage of small businesses the proponents of SB 5929 claim will be exempted from the states B&O tax under SB 5929
    - IBA then explained that there are 140,342 small businesses in Washington State that provide jobs for 1.3 million Washington workers and employ 51.3% of the state's private sector workforce. These are the businesses that will pay the new 20% higher B&O tax proposed in SB 5929. SB 5929 is effectively a new tax on businesses that employ workers and that is unfair.
  - IBA then turned to the proposed Capital Gains tax contained in SB 5929.
    - IBA provided a handout to the Committee showing that according to professor Fiona Chen, CPA, PHD, and former Internal Revenue Agent, that the Capital Gains tax contained in SB 5929 would apply to a small business when it is sold or transferred to a new owner.
    - IBA then explained that small business owners work most of their working life to create and grow their small business in hopes that they can ultimately sell their business and use the proceeds from that sale to fund their retirement. The sale of their small business will likely make up more than 50% of their retirement assets.
    - As Dr. Chen points out, when they sell their business it will be subject to the 7% capital against as proposed in SB 5929
    - Dr. Chen goes on to say that the capital gains tax exemption contained in SB 5929: “(6) Property used in a trade or business if the property qualifies for an income tax deduction under Title 26 U.S.C. Sec. 167 or 179 of the internal revenue code;” will not protect a small business from the proposed capital gains tax contained in SB 5929.
    - While SB 5929 provides an exemption for retirement plans from the capital gains tax. It does not for small business owners who sell their business as the value of their business sale is subject to the new 7% state capital gains tax.
    - IBA has asked the Department of Revenue for information about the taxpayers who will pay the capital gains tax, They have not yet responded.
    - Finally, IBA stated that it is unfair for SB 5929 to exempt individual retirement plans but impose the 7% capital gains tax on the sale of a small business that becomes most of the retirement plan assets of a small business owner.
  - IBA concluded by stating it strongly opposes SB 5929 as it does not help most small businesses as most proponents state, instead it targets small businesses that employ workers for a majority of the higher and new taxes that SB 5929 will generate.
  - IBA member John Knox with BJ's Paint 'N Place testified. Following is a summary of his comments:
    - My company is both a retailer and a wholesaler of paints.
    - SB 5929's small business B&O tax deduction will not benefit my business. SB 5929 is simply a 20% B&O tax increase on my business.
    - I can't hire employees and benefit from the B&O tax deduction proposed in SB 5929.
    - What's more frustrating is that I must spend a great deal of time collecting sales taxes and sending them to the state. I am effectively an uncompensated indentured tax servant for the state and now you want me to increase my taxes by 20% for that privilege of being your tax collector.
    - That's just wrong.
    - My accountant tells me that the capital gains tax included in SB 5929 will apply to me in the future when I sell my business to a new owner.
    - The money I get from selling my business will be the majority of my retirement. While SB 5929 exempts retirement plans from the new 7% capital gains tax, it imposes the tax on my business when I sell it and retire. That is unfair and just wrong!
    - I can tell you that I work over 60 hours a week trying to keep my business operating and keep our employees working, SB 5929 is an insult and an attack on small businesses like mine.
    - Please oppose SB 5929
  - IBA member Randy Thoreson with Centralia Knitting Mills testified. Following is a summary of his comments:
    - Centralia Knitting Mills was found in 1939 and I am the third generation CEO of the company.
    - Our company has been operating over 79 years. We cur-

rently have 14 employees and have had as many as 35 employees in the past.

- We manufacture the finest quality, 100% Virgin Wool jackets with leather trim.
- Our products are world famous and we sell both nationally and internationally.
- I strongly oppose the proposed 20% B&O tax increase on manufacturers that is contained in SB 5929.
- Our company is still struggling to recover from the great recession and this 20% tax increase will just make it that much harder.
- Our company is one of the few manufacturers left in Lewis County. Lewis County has one of the highest unemployment rates in Western Washington at 7.9%. That is nearly twice the national unemployment rate and 2.5 times higher than King County unemployment rate.
- We strongly feel that higher taxes are not the way to encourage manufacturers to come to Washington State and create jobs to lower the unemployment rate in places like Centralia.
- It is frustrating for a company like ours to have to subsidize one of the largest manufacturers in Washington State that is enjoying an \$8.7 billion tax break and who will not pay this 20% tax increase like our company will. Our company does not get any state tax breaks, but we are being asked to pay 20% higher taxes.
- We would love to increase our sales by 20% to pay this tax, but that is extremely challenging due to unfair knock-off competition our company faces internationally.
- The small business tax break contained in SB 5929 does our company no good. Small manufacturing businesses cannot employ workers and stay

below the \$250,000 small business tax deduction threshold contained in SB 5929.

- The small business tax deduction in SB 5929 means nothing for any small business that employs workers.
- SB 5929 is simply a 20% tax increase on our business.
- SB 5929 is an ill-conceived and anti-jobs proposal. Please reject SB 5929.

## Contact Your Legislators NOW!

You need to contact your Legislators now and tell them which **budget** you favor (House Democrat Majority or Senate Majority) and tell them which **funding** approach you favor the House Democrat Majority that target's small businesses or the Senate Majority (a nominal property tax increase on both individuals and businesses). Call **1-800-562-6000** - the Legislative Hotline - and the attendant will help you identify your legislators and your legislative district. The attendants will also take your concise message and deliver your message to your legislators on the issues important to you. Following is a recommended message:  
 I'm a small business owner located in \_\_\_\_\_ and I want my legislators to know I support the Senate proposed budget and support the Senate funding proposal.

After you learn your Legislative District, use the list at: [www.ibaw.net/2017legislators.pdf](http://www.ibaw.net/2017legislators.pdf) to find your legislators' phone numbers and email addresses. You should stay in contact with them.

Get as many people as you can to call their legislators about this extremely important issue.

## Teacher's Union Asking Voters To Support House Budget Proposal

The Washington State Education Association (WEA) has purchased hundreds of ads urging voters to call their legislators and support the House proposed budget and funding proposal. The WEA stands to gain up to \$2.5 billion of your dollars for additional pay for teachers.

There are other groups engaging in a postcard campaign to legislators to demonstrate that voters support the House proposed budget and the House proposed funding plan.

Your calls to your legislators are critical to countering the paid ads by the WEA and to protect your wallet.

## Health Care Legislation Passes Congress

On May 4th, the U.S. House of Representatives, by a two vote margin, passed the "American Health Care Act" (aka: AHCA) legislation to repeal and replace the Affordable Care Act (ACA) (aka: Obamacare).

Below, we will review major portions of the Republican legislation and how it will affect you and your small business if it is signed into law. We will also explain the likely political/legislative path of this legislation before it can become law.

First, there is not enough support currently in the U.S. Senate to pass the Republican AHCA legislation passed by the U.S. House on May 4th so it will be modified before the Senate takes any action on the AHCA.

The U.S. Senate has pledged to wait for the federal Congressional Budget Office (CBO) to "score" the AHCA legislation. The Congressional Budget Office is a group of non-partisan budget and policy experts who analyze ("score") legislation and advise members of Congress and the public on the effects of legislation on taxpayers and how it will otherwise affect citizens in the USA. The CBO's "score" of an earlier version of the AHCA concluded

it would result in 24 million citizens losing their health care coverage as compared to the ACA (aka: Obamacare), and average premiums for individual health plan policyholders under the Republican AHCA would be 15 percent to 20 percent higher than under the current ACA (aka: Obamacare).

The current version of the AHCA is much different from the earlier version of the legislation. The Congressional Budget Office will now "score" the recently passed Republican AHCA legislation.

However, IBA does not expect the new "score" by the Congressional Budget Office on the AHCA will be significantly better than the score on the previous version of the AHCA.

Following is a summary of how the AHCA will likely affect individuals and small businesses buying health care insurance.

- The AHCA eliminates the ACA (aka: Obamacare) requirement for employers with 50 or more employees to provide approved health care coverage for their employees.
- The AHCA eliminates the ACA (aka: Obamacare) requirement that individuals have approved health care coverage or pay a federal tax penalty
- The AHCA will likely to increase the health insurance premiums for older individuals who buy individual health care insurance by up to 67%.
- The AHCA replaces income-based federal tax credits in the ACA (aka: Obamacare) to pay part of your individual health care insurance premiums with age-based tax credits that may provide greater tax credits. Some people will receive a larger credit and others will receive less credit under the Republican AHCA as compared to the ACA (aka: Obamacare).
- The AHC will impose a 30% higher premium on any individual buying individual health care insurance if they have a gap in coverage of

more than 63 days.

- The New York Times did an outstanding job of comparing the cost of coverage under the current ACA (aka: Obamacare) as compared to the ACHA recently approved by the U.S. Congress. Below are the cost comparisons as published by the New York Times:

- You are a 50-year-old single man in Illinois who owns a small business and makes \$75,000 a year.

**You would get more in tax credits when you buy an individual health care plan under the AHCA Republican plan than under the ACA (aka Obamacare).**

- You are a 28-year-old with pre-existing health conditions who was recently laid off from a higher-paying job, and now make \$20,000 as a barista in California.

**You would receive less in tax subsidies under the AHCA and could be penalized with a 30% premium increase for having a lapse in coverage.**

- You are a 40-year-old lawyer with two children who makes \$250,000 a year at a New York City law firm.

**You would be able to save more money tax-free under the AHCA Republican plan.**

- You are a 45-year-old assistant store manager in Washington State. earning \$34,000 at a retailer that is now required to provide health insurance under the ACA (aka: Obamacare)

**Your employer may stop offering coverage under the Republican AHCA as compared to the ACA (aka Obamacare).**

- You are a 35 year old intermittent construction work in Indi-

ana. You have been insured through Medicaid since your state expanded eligibility.

**There's a chance you may eventually lose Medicaid coverage under the Republican AHCA plan.**

- You are a 64-year-old married accountant with diabetes in Texas. Your household income is about \$65,000, and you buy your own health insurance.

**You would get more in tax credits but would most likely pay higher premiums under the Republican AHCA plan.**

- You are a single mother in Utah earning \$47,000 a year. Your 6-year-old son has cerebral palsy and gets health insurance through Medicaid.

**Your son risks losing services he needs through Medicaid under the Republican AHCA plan that are not covered under the ACA (aka Obamacare).**

The New York Times article contains additional detail that can be accessed via the Internet at:

[www.ibaw.net/ahcanytimes.pdf](http://www.ibaw.net/ahcanytimes.pdf)

Now the U.S. Senate will wait for the Congressional Budget Office to score the AHCA as passed by the U.S. House on May 4th and the U.S. Senate has already established a special 13 member committee to consider the AHCA and develop any changes it feels are necessary before bringing it to a full vote of the U.S. Senate.

Then, the U.S. House will have to decide if they accept the Senate changes or not. If they do, it goes to President Trump for his approval.

There is a great deal of detail, time and process that will take place before and if any AHCA legislation is ever sent to President Trump for his approval.

IBA will keep you advised.

## Paid Sick Leave Rule And Cost On Small Businesses

As the Department of Labor and Industries develops its new rules for the new Paid Sick Leave Law that takes effect on 1/1/2018, the Department is now making a significant effort to reduce the costs on small businesses by their new Paid Sick Leave rules because of comments by IBA and others to the Department on its first draft of its Paid Sick Leave rules in April 2017.

Back in 1982, Independent Business Association drafted and successfully lobbied for the passage of the Regulatory Fairness Act in Washington State that requires agencies to reduce the cost of their regulations and rules on small businesses.

In 2010, the U.S. Small Business Administration (SBA) issued a detailed analysis of the cost of government regulations on small businesses. The SBA found that government regulations cost small businesses 36% more per employee to comply with than larger businesses. While you thought this was the case, now a respected government agency confirms it. The SBA found that government regulations currently cost all businesses \$1.75 trillion per year. Government regulations cost a small business with 20 employees \$10,585 per employee per year.

On May 11, the Department of Labor and Industries met with IBA to discuss how to reduce the costs of the new rules on the state's Paid Sick Leave law on small businesses. Below is a summary of what IBA told the Department.

L&I's goal was how to comply with the Regulatory Fairness Act.

IBA responded with:

- Include in the newest draft of the Paid Sick Leave rule as many elements that L&I can include to reduce the disproportionate economic impacts

of the rule on small businesses with 50 or fewer employees. es:

- Base your small business economic impact statement on those provisions.
- Include more provisions to reduce the economic impacts of the rule on small businesses in the final proposed rule.

IBA advised the Department that the new Paid Sick Leave Rule will have many cost impacts on small businesses, including but not limited to:

- Small employers with 50 or fewer employees that currently do not have a paid sick leave policy will face significant new costs
  - Increased compensation costs associated with paying workers for taking paid sick leave, a new employee benefit not previously provided by many small businesses
  - Potential overtime required by other employees to fill in for worker on paid sick leave
  - Lost production due to a worker taking paid sick leave
  - Potential loss of business when an employee does not show up without any notification until end of their scheduled shift
  - New administrative costs to keep records of accrued leave by each employee, and administering the law
  - Preparing notices required by the draft rule\*
  - Recordkeeping required by the rule
  - Costs to deal with an investigation based on a complaint against an employer\*
  - Cost of penalties imposed by L&I relative to the rule
  - Cost to deal with claims of retaliation\*
    - \* will require small business owner to hire an attorney as the rule is now drafted

IBA proposed the following rule changes to the Department to reduce the cost of this rule on small business-

- Eliminate the requirement that the employer provide a notice to their employees of the new Paid Sick Leave Law, how employees accrue paid sick leave, when can a worker take paid sick leave, and the retaliation protections for workers who take paid sick leave. It is the Department's responsibility to notify employees, not the employer's responsibility.
- Eliminate the requirement that employers must show the Department a hardship in order to require that workers take paid sick leave in 4-hour increments instead of 1-hour increments
- Provide small employers a draft worker "notification policy" that small employers can use to implement the paid sick leave law without fear of violating the law. This would allow most small businesses to save hundreds or thousands of dollars by avoiding having to hire an attorney to draft this notice.
- Provide small employers a draft worker "verification policy" that small employers can use to implement the paid sick leave law without fear of violating the law. This would allow most small businesses to save hundreds or thousands of dollars by avoiding having to hire an attorney to draft this notice.
- Provide small employers a draft worker "discipline policy" that small employers can use to implement the paid sick leave law without fear of violating the law. This would allow most small businesses to save hundreds or thousands of dollars by avoiding having to hire an attorney to draft this notice.
- Allow small employers a margin of error in calculating the compensation paid to a worker taking paid sick leave without issuing a violation and penalty on a business that makes minor er-

rors.

- Allow small employers a margin of error in calculating the amount of accrued leave earned by a worker without issuing a violation and penalty on a business that makes minor errors.
- Allows a small employer a first-time violation exemption if the business corrects the violation and does not repeat the violation in the future
- Provide small businesses with free, no-violations paid sick leave consultation service to help a small business comply with the paid sick leave law.

## What Small Business Cost Saving Ideas Do You Have?

Please send your Paid Sick Leave law cost saving ideas to IBA by May 20<sup>th</sup>. Send them to IBA by email at [iba@isomedia.com](mailto:iba@isomedia.com) Subject "PSL rules" or fax them to IBA at 425-358-3213

## Send Comments To Labor and Industries

You need to submit comments to the Department of Labor and Industries about the Paid Sick Leave rules they are now developing. IBA urges you to submit comments supporting the IBA proposed changes to the Department's Paid Sick Leave rule. IBA urges you to submit comments about other small business cost saving ideas you propose.

Send your comments to the Department at: [i1433@lni.wa.gov](mailto:i1433@lni.wa.gov) that is a lower case "i" before the 1433. Send a copy of your comments to IBA at [iba@isomedia.com](mailto:iba@isomedia.com)

Comments are due by May 31st.

## Paid Family Leave Negotiations Continue

IBA continues to work with the broad

business community, ranging from Boeing, Microsoft, the oil companies, Walmart, Expedia, Amazon, etc., etc., etc., and IBA to negotiate a state Paid Family Leave (PFL) law. Together we are working with the PFL Proponents that is made up of labor organizations; "mom's groups" i.e. Mom's Rising; the American Academy of Pediatrics; YMCA; Economic Opportunity Institute; and others. The business community is negotiating with the Paid Family Leave Proponents every week. Below are the major issues that are being negotiated:

- **Why is IBA attempting to negotiate a Paid Family Leave Law?** In January 2017 IBA participated with others in the business community to determine if the Paid Family Leave Proponents could submit an Initiative to the voters on establishing a Paid Family Leave Law in Washington State. The poll results came back and showed that voters would likely approve a Paid Family Leave Initiative like they did approve the state Minimum Wage Increase and Paid Sick Leave initiative that was on the 2016 state ballot. IBA and the rest of the business community are trying to avoid the same negative affects on businesses as the Minimum Wage and Paid Sick Leave initiative.
- **How do workers qualify for PFL benefits?** Businesses want the worker to have worked at least 1250 hours with all of their employers in the previous year before they are eligible for taking state PFL benefits. The PFL proponents have moved and are willing to accept the worker working 680 hours for all employers in the current or previous year before taking PFL.
- **How long can a worker take paid family leave?** The PFL proponents want different length of benefits for different reasons for taking state PFL. Longer benefits for a worker who is disabled and cannot work, fewer weeks of benefits to care for a ill family member, different benefits for the birth of a child, etc. The proponents want a up to 38 weeks of leave in a calendar year. Businesses want one benefit length or a maximum of 12 weeks in a 12 month period. Clearly, this issue affects the cost of the state PFL program. The

longer the benefits, the more the cost.

- **What will the dollar amount be for the paid family leave benefit?** Businesses are comfortable with a PFL benefit of 75% of the workers average weekly wage, not to exceed the state average weekly wage of \$1,087. The PFL proponents want higher benefits for lower wage workers, i.e. 90% of the workers average weekly wage. Clearly, this issue affects the cost of the state PFL program. The more benefits, the more the cost.
- **Who will pay for the paid family leave program and how much will they pay?** Businesses have proposed the worker pays 90% of the cost, and the employer pays 10% of the cost. The PFL proponents have repeatedly said 50/50 but have not yet locked in on any number.
- **Will the Washington paid family leave law apply to all employers?** IBA and other small business interests are seeking an exemption for small employers with 50 or fewer employees. This is consistent with the federal family leave law. The PFL proponents strongly oppose this level of exemption for small employers, they want the new law to apply to ALL employers. Businesses with collective bargaining agreements want to be exempt from the state paid family leave law. Employers that now provide equal or greater PFL-like benefits want to be exempt from the state PFL law.
- **Portability** The PFL proponents want portability for workers so that workers can move from employer to employer and remain eligible to take paid family leave at any time with any employer. The business community is not supporting this benefit portability.
- **Job Protection** The PFL proponents want jobs protections for worker who take state Paid Family Leave and return to work. The Federal FMLA law only provides job protection for workers employed by firms with 50 or more employees. The business community is not supporting the job protections being sought by the PFL proponents.

For more about the Paid Family Leave negotiations, go to:

[www.ibaw.net/pflmay.pdf](http://www.ibaw.net/pflmay.pdf)