

# SENATE BILL REPORT

## SB 5530

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As of February 7, 2017

**Title:** An act relating to labor standards for employees in certain counties.

**Brief Description:** Concerning labor standards for employees in certain counties.

**Sponsors:** Senators Baumgartner and Braun.

**Brief History:**

**Committee Activity:** Commerce, Labor & Sports: 2/02/17.

**Brief Summary of Bill**

- Delays the implementation of Initiative 1433 for a period of two years in counties with a population of less than 1.5 million people.

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### SENATE COMMITTEE ON COMMERCE, LABOR & SPORTS

**Staff:** Richard Rodger (786-7461)

**Background:** Initiative 1433 (I-1443) was adopted by a vote of the people on November 8, 2016. The initiative included provisions raising the minimum wage beginning January 1, 2017, and established a new requirement for employers to provide paid sick leave.

Minimum Wage. I-1433 establishes a schedule for increasing the state's minimum hourly wage as follows:

- beginning January 1, 2017 – \$11.00;
- beginning January 1, 2018 – \$11.50;
- beginning January 1, 2019 – \$12.00;
- beginning January 1, 2020 – \$13.50; and
- beginning January 1, 2021, and thereafter, the rate is adjusted for inflation.

Every employer that provides food, beverages, entertainment, or portorage, including but not limited to restaurants, catering houses, convention centers, and overnight accommodations, is required to pay to its employees: (a) all tips and gratuities; and (b) all service charges, except those that are itemized as not being payable to the employee or employees servicing the customer.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

All tips and service charges paid to an employee are in addition to the employee's hourly minimum wage. The employer may not credit the tips or service charges towards the employees' minimum wage.

Paid Sick Leave. Beginning January 1, 2018, every employer must provide to each of its employees paid sick leave. Each employee will accrue at least one-hour of paid sick leave for every 40 hours worked. An employer may provide paid sick leave in advance as long as it meets or exceeds the requirements for accrual, use, and carryover of paid sick leave.

An employee may use paid sick leave for the following reasons:

- 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;
- 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;
- 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; and
- for absences that qualify for leave under the state's existing Domestic Violence Leave Act.

An employee is entitled to use accrued paid sick leave beginning on the 90th day after starting their employment. Unused paid sick leave carries over to the following year; however, an employer is not required to allow an employee to carry over more than 40 hours of sick leave.

**Summary of Bill:** The minimum wage and sick leave provisions of I-1433 are delayed for two years in all counties with a population of less than 1.5 million people. The employers in King County will continue to provide the benefits as specified in the initiative.

Employers in the 38 counties that are subject to the delay will pay the minimum wage of \$9.53 per hour. This is the amount that was set to be implemented on January 1, 2017, if the I-1433 did not pass. The bill maintains a schedule for cost-of-living adjustments (COLA) for these employees, until the delayed provisions take effect. The next COLA would take effect on January 1, 2018.

Beginning on January 1, 2019, these employers will move to the new phased-in minimum wage schedule, starting at \$11.00 per hour, and will be required to pay mandatory sick leave.

**Appropriation:** None.

**Fiscal Note:** Requested on January 24, 2017.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** The bill takes effect retroactively on January 1, 2017.

**Staff Summary of Public Testimony:** PRO: This bill assists the employers in 38 counties by allowing them time to ramp up to the new minimum wage and sick leave provisions contained in I-1433. I-1433 is especially difficult on employers located in border counties and those located outside of King County. The bill provides these employers with two additional years to prepare their businesses for the changes. The bill allows King County to proceed with all of the minimum wage and sick leave provisions of I-1433.

CON: This bill will allow employers to cut the wages of their current employees. The minimum wages should be higher than the minimums established by I-1433. Businesses have very few incentives to raise wages without the initiative. This bill will impact 500,000 worker in Washington by cutting the current minimum wage by 15 percent. Many workers have no benefits, health care, or overtime pay and cannot save any money or help their children. I-1433 passed by 57 percent and had over 1.8 million votes in support of it. This bill hurts the poorest workers.

**Persons Testifying:** PRO: Senator Michael Baumgartner, Prime Sponsor.

CON: Deb Blakeslee, citizen; Misha Wershkul, Washington State Budget and Policy Center; Paola Zambrano, citizen; Lupita Pano, citizen; Dennis Jeppson, citizen; Kelly Vigarito, citizen; Robert Smyder, Working Washington; Nicholas Powell, citizen.

**Persons Signed In To Testify But Not Testifying:** No one.