

SENATE BILL REPORT

SB 5532

As Reported by Senate Committee On:
Commerce, Labor & Sports, February 15, 2017

Title: An act relating to labor standards for employees of nonprofit corporations.

Brief Description: Concerning labor standards for employees of nonprofit corporations.

Sponsors: Senator Baumgartner.

Brief History:

Committee Activity: Commerce, Labor & Sports: 2/02/17, 2/15/17 [DP, DNP].

Brief Summary of Bill

- Exempts all nonprofit employers from the provisions of Initiative 1433 that increased the state's minimum wages and required employers to provide sick leave.

SENATE COMMITTEE ON COMMERCE, LABOR & SPORTS

Majority Report: Do pass.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; King, Rossi and Wilson.

Minority Report: Do not pass.

Signed by Senators Keiser, Ranking Minority Member; Conway, Hasegawa and Saldaña.

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;

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- 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 portage, 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.

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 his or her 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: All nonprofit employers are exempt from the I-1433 minimum wage and sick leave provisions.

Nonprofit employers will pay a minimum wage of \$9.53 per hour, which 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 the nonprofit employers, with the next COLA taking effect on January 1, 2018.

The nonprofit employers will not be required to pay mandatory sick leave for their employees.

Appropriation: None.

Fiscal Note: Available.

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

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

Staff Summary of Public Testimony: PRO: This bill will allow our nonprofit employers to be exempt from the provisions of I-1433. It will result in these organizations spending their money to provide additional treatment services to the people who rely on these services. I-1433 is especially difficult on employers located in border counties and those located outside of King County.

CON: We support the economic empowerment of all employees. This bill will create two tiers of employees and treats the nonprofit employees as not as valued or as important as others. Ten percent of all employees in the state work for nonprofit employers and they will be hurt by these provisions. The bill is too broad as some nonprofit organizations generate over one billion dollars in revenue. I-1433 created a net economic benefit for over 730,000 employees in Washington. A decreased minimum wage hurts the most vulnerable minimum wage workers.

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

CON: Liz Mills, YWCA - Seattle, King, and Snohomish; Misha Wershkul, Washington State Budget and Policy Center; Demas Nesterenko, SEIU 775.

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