NFIB
The Voice of Small Business.

Washington – **Priority Vote**

Small business opposes Paid Family & Medical Leave mandate

NFIB has reviewed the latest bill draft, SB 5975, and **remains opposed to a mandatory, state-run, paid family and medical leave program**. We are providing this updated alert in response to lawmakers' questions about our position.

Every worker in the state will be required to participate, whether they choose to or not. Payroll taxes of 0.04 percent will be deducted from their earnings for the first two years, with the rate varying from 0.01 to 0.06 percent in the future.

Small businesses are NOT exempt. While firms employing fewer than 50 workers might "opt out" of their share of premium, estimated at 37 percent, they will still bear the **program's administrative expenses** and **costs related to workers taking up to 18 weeks leave**.

To take advantage of the so-called "**small business assistance**" grants, **employers with fewer than 50 workers must pay three years' of premiums to the state**.

This program would allow **12 to 18 weeks leave** with **inadequate limitations** on reasons for taking leave – even **high pollen count** and **morning sickness** would be permitted reasons for long-term absences.

Workers taking paid leave could still work on the side in "secondary employment," despite being unable to report for work with their primary employer. The term is not defined in the bill. Common usage equates the term with a second job, or "moonlighting." Proponent's assertions that it would apply to an individual being provided care, not a worker taking paid leave, is at best disingenuous.

Every employer will be **required to keep detailed records, subject to audit**, for a period of six years. They will be **required to collect and remit payroll taxes** to fund the program.

We appreciate that personal liability for employers has been removed; however, the bill still authorizes ESD to **lien assets, seize and sell property**, and **pursue civil litigation** to collect premiums proponents claim are minor program costs, if "conference and conciliation" or other "compromise" fails.

Committee staff reported this morning that a partial fiscal note calls for an **$80 million GF-S loan** for IT systems and services, and to add as many as **150 new state employees** to administer the program. The **cost for state employees' participation in the program has not been released**.

Proponents claim the statutory rate schedule should prevent large surpluses. They estimate an approximately **$500 million reserve**; however, there is **no statutory cap on reserves** – and the **legislature could sweep the fund** for other purposes.

Small businesses simply can't afford more attacks on their bottom line. We must oppose this new, mandatory, state-run guaranteed leave program and the payroll tax it creates.

Protect small business. Oppose Paid Family & Medical Leave.

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