

June 27, 2017

The Honorable Michael Baumgartner, Chairman
Senate Commerce, Labor & Sports Committee
404 Legislative Building
PO Box 40406
Olympia, WA 98504-0466

Members of the Senate Commerce, Labor & Sports Committee:

Thank you for the opportunity to comment on the Paid Family & Medical Leave bill before you. I am sorry that I cannot attend in person to testify because of other commitments, but I feel I must weigh in on this important issue.

As a business owner, and for the sake of my employees who have no choice in this mandated insurance, I am opposed to this short-sighted bill and the machinations surrounding it. It is bad legislation. It will cause harm to those who can least afford it.

It creates yet another government-operated, mandatory insurance program, and is expected to require nearly 150 new state employees to administer it. This one does not allow workers to opt out. It is ill-defined, and being rushed through without a lot of forethought as to its consequences – similar to the fiasco that is Obamacare – a program passed without those legislators taking the time to read, understand, or really define the ramifications it would have on our society.

Employees will be forced to pay into a government program they know nothing about, and have no choice. Those populations that do not traditionally require medical attention or medical leave will be forced to fund those populations that do. It is discriminatory. It is not necessary. Insurance programs already exist in the market for those who choose to purchase such time-loss security. Most workers do not choose to do so. Now they will have no choice. They will be forced to buy it through a payroll tax.

The cost is ill-defined. It is estimated that the premiums set by the Employment Security Department will be somewhere between .10 - .60%. That is a huge, unpredictable range. For a medium-size company such as ours, with a \$50 million annual payroll, the costs would range from \$50,000 to \$300,000 per year. The actual amounts the employee and employer will pay is difficult to determine.

One thing is certain – once the bill passes, there will be tremendous pressure from Labor to push the total cost onto business, as is done with unemployment insurance. Interestingly, the Employment Security Department will run this new program, and the commissioner, at his/her discretion will determine the rates to fund the

program. That is troubling. I cannot conceive of a program such as this operating at less than 1% of payroll. SUTA cost employers over 4%. It is almost guaranteed that rates will increase.

There is no urgency to rush this through at the 11th hour. I urge you to delay your decision on this until it can be thoughtfully vetted and the full consequences understood.

I know that Labor is creating a false urgency and using its brute strength and threats of running an initiative to the people this fall that will be more damaging to business if they do not get what they want from this bill. I urge you to not give in to bully tactics and threats. They can run an initiative whether or not this bill passes. And if they gain a Senate majority after the special election this fall, they will have all the votes necessary to get what they really want next session without an initiative – total employer funding – that is, unless the employer is a union employer, where they can negotiate a different deal and opt out – a real and common method of increasing union membership. This is a union organizing bill.

This bill is unfair to employees who have no choice whether or not to participate. They will be taxed without an opportunity to choose or even weigh in.

It is unfair to the poor, the elderly, the disabled and others who are on a fixed income. It will raise the cost of doing business in Washington state, causing an increase of prices to these consumers who can least afford it.

I urge you to vote no on this bill.

Thank you for your consideration,

Steve Neighbors
TERRA Services