



June 2017

Are Employers Ready for Arizona's New Paid Sick Leave Law?

On July 1, 2017, Arizona's new sick leave law goes into effect and employers with even one employee in Arizona may need assistance to navigate the new laws and to review and revise policies, practices, and recordkeeping to comply. As a mere start, there are seven key aspects of this new law that Arizona employers should know:

1. How much earned paid sick leave must be provided by an employer?

For employers with 15 or more employees: Employees must accrue a minimum of one hour of earned paid sick time for every 30 hours worked, but employees are not entitled to accrue or use more than 40 hours of earned paid sick time per year, unless the employer selects a higher limit.

For employers with fewer than 15 employees: Employees must accrue a minimum of one hour of earned paid sick time for every 30 hours worked, but they are not entitled to accrue or use more than 24 hours of earned paid sick time per year, unless the employer sets a higher limit.

2. How can employees use paid sick leave?

Employees can use their paid sick leave hours for reasons including:

- > Their own mental or physical illness, injury, or health condition;
- > The mental or physical illness, injury, or health condition of a family member;
- > Absences related to abuse, stalking, sexual violence, or domestic violence of either the employee or the employee's family member; and/or
- > When a public health emergency causes the employee's workplace to close, or the employee's child's school or daycare to close.

3. Who is a “family member”?

The new law defines a “family member” broadly to include:

- > Children of any age (including biological, adopted, or foster children, as well as legal wards and children of a domestic partner);
- > Parents (including biological, foster, stepparents, adoptive parents, and legal guardians of the employee or the employee’s spouse or domestic partner);
- > Spouses and domestic partners;
- > Grandparents, grandchildren, or siblings of the employee or the employee’s spouse or domestic partner; or
- > Other individuals related by either blood or affinity whose close association with the employee is the equivalent of a family relationship.

4. What happens to the earned paid sick time when an employee resigns or is terminated?

Employers are not required to pay out unused accrued paid sick leave time to employees whose employment ends. Employees who are rehired by the same employer within nine months, however, are entitled to reinstatement of all accrued paid sick leave time.

5. Is an employer required to provide notice to employees regarding earned sick time?

Yes. Employers must provide employees written notice regarding sick time at the start of employment or by July 1, 2017, whichever is later, and must also post this notice on the job site. Employers also must give employees a record of their sick time available, earned, and amount of pay received either in or attached to their regular paychecks.

6. What if the employer already provides Paid Time Off, isn’t that enough?

Not necessarily. Paid sick leave is a statutory requirement; Paid Time Off (PTO) is by employer choice. Before the statutory requirement, employers were free to set their own levels of sick, vacation, or PTO. Many of those programs were not based on hours worked, therefore, companies should consider consulting with counsel to review current policy to determine if it is consistent with what state law requires now.

7. For an employer that operates in locations both within Arizona and outside it, if the employer complies with Arizona sick leave requirements, is it in compliance everywhere else?

Probably not. As of this writing there are five other states with state-wide paid sick leave laws. There are also many more cities with such laws. Each of the state requirements are different and each of the cities are different. Those with multiple locations should consult with counsel to develop workable paid sick leave programs that are consistent with the laws in all of the jurisdictions in which they operate.

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