

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: SB274

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Wexton

3. Committee: Commerce and Labor

4. Title: Paid sick days for employees; civil penalties.

5. Summary: Requires private employers with 25 or more full-time employee equivalents to provide those employees working at least 18 hours per week with paid sick leave benefits. A covered employee would earn one hour of paid sick leave benefit for every 50 hours he works for an employer during 2017 or the first year of the employer's businesses operations if employment commences after January 1, 2018. Thereafter, such employees would accrue one hour of paid sick leave for every 30 hours of work. The bill would require an employer to provide paid sick days, upon the request of the employee, for diagnosis, care, or treatment of health conditions of the employee or the employee's family member and for participation in any civil or criminal legal proceeding related to or resulting from the employee or a family member of the employee being the victim of domestic or sexual violence. An employer could offer an employee seeking to take paid sick leave the opportunity to work additional hours or to switch shifts with another employee as an alternative to using accrued paid sick leave. An employee may not unreasonably refuse the offer of additional hours in lieu of taking the paid sick leave. An employer may elect to provide benefits more generous than those required by this measure. An employer that knowingly fails to provide such paid sick leave to its employees is subject to a civil penalty not to exceed \$1,000 per violation. The Commissioner of Labor and Industry may institute proceedings on behalf of an employee to enforce compliance with this measure and to collect the value of any paid sick leave unlawfully withheld from such employee, which shall be awarded to the employee.

6. Budget Amendment Necessary: Yes, Item 115 (HB30/SB30). See Item 8, below.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016		0	
2017	\$476,945	5	GF
2018	\$476,945	5	GF
2019	\$476,945	5	GF
2020	\$476,945	5	GF
2021	\$476,945	5	GF
2022	\$476,945	5	GF

- 8. Fiscal Implications:** The above state expenditure impact reflects the bill's anticipated impact to the Department of Labor and Industry.

The bill requires the Department of Labor and Industry (DOLI) to begin enforcing paid sick leave beginning January 1, 2017. DOLI would need four additional officer positions to conduct inspections and one assistant compliance officer to assist and support the inspection activities. Currently, there is no law on paid leave in Virginia.

Based on the number of payment of wage claims DOLI receives (1,250) and the number of minimum wage claims the federal Wage and Hour Division conducts in the state (750), DOLI anticipates it will receive between 600 to 900 paid sick leave claims annually. In order to meet this workload, DOLI will need five additional staff to enforce paid sick leave. The DOLI impact is for regulatory enforcement of the bill.

The Office of the Attorney General does not anticipate a fiscal impact from this bill.

Any revenue impact that may result from this bill is indeterminate. The bill establishes a civil penalty of up to \$1,000 for each violation. Civil penalties imposed and collected pursuant to this bill would be deposited to the general fund. Any revenue would depend on the number of employers who knowingly fail to provide sick leave to their employees and the amount of any civil penalties imposed for such violations.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Labor and Industry; Office of the Attorney General; court system.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** This bill is a companion to HB7, as introduced.