

MANDATORY PAID SICK TIME BEGINS JULY 1, 2017

June 23, 2017

Most everyone is familiar with the fact that the voters of the State of Arizona passed a new minimum wage law in last fall's election as part of Prop 206. What most folks are not aware of is that as part of that proposition, all employers in the State of Arizona are obligated to provide mandatory sick leave to their employees. This means that as the new policies of Prop 206 go into effect, whether you have 2 employees, 20 employees, or 200 employees, you must provide paid sick leave to all your employees. As a result, the changes enacted by Prop 206 will cause all Arizona businesses to examine how these rules will impact their sick pay policies.

How much sick leave are you obligated to provide under these new rules? If you are business with less than 15 employees, you need to provide at least 24 hours of paid sick time per employee per year. If you are a business with 15 or more employees, you need to provide at least 40 hours of paid sick time per employee per year. New employees may have to wait as long as ninety (90) days before being granted paid sick time. Employees will accrue and use the sick time on an annual basis. Such accrual can be on a calendar year or on an employee's anniversary date of employment.

At the end of the year, if an employee does not use all of their allocated sick time, the employer must permit the employee to carry forward the unused sick time to the next year. In addition, the employer may permit the employee to cash out unused sick time at the end of the year. Note that while the employer is obligated to have a carryover policy for unused sick time, it is not mandatory that the employer have a policy that permits the cashing out of unused sick time. Additionally, employers must provide periodic reports to employees of the amount of their accrued and unused sick time. Finally, all employees must be granted the right to accrue sick time, even part-time employees, with some very minor exceptions.

This new policy becomes effective July 1, 2017. A copy of the notice issued by the State of Arizona which must be displayed in your business can be found by [clicking here](#). You should sit down with your payroll administrator and determine how you want to accrue and track paid sick time for each employee. If you already award paid sick time, you must award paid sick time in compliance with the new rules. If you have not awarded sick time in the past, you need to determine how much paid sick time should be awarded in the future, and ensure that award will be in compliance with the new rules. Furthermore, you might need to revise your employee manual on the accrual of paid sick time and the accrual of paid time off.

As you review these changes of policy and their impact on your business, please let us know how we might be of assistance to you.