

# **INDEPENDENT BUSINESS ASSOCIATION**

16541 Redmond Way NE #336C  
Redmond, WA 98052

## **SMALL BUSINESS REPORT SMALL BUSINESS REPORT SMALL**

### **IBA SMALL BUSINESS REPORT - April 14, 2017**

|  |               |
|--|---------------|
| <b>Legislature Nears End Of Regular Session</b>                    | <b>Page 1</b> |
| <b>Major Issues</b>  | <b>Page 1</b> |
| <b>Expect the Legislature To Go Into Overtime</b>                  | <b>Page 1</b> |
| <b>It's All About Your Money!</b>                                  | <b>Page 1</b> |
| <b>Senate Majority Passes New Two-Year State Budget</b>            | <b>Page 1</b> |
| <b>Senate Democrats Call Senate Majority Budget "Cold Blooded"</b> | <b>Page 2</b> |
| <b>House Majority Passed Different Two-Year State Budget</b>       | <b>Page 2</b> |
| <b>New Taxes Proposed</b>  | <b>Page 3</b> |
| <b>House Democrat Taxes Target Small Businesses</b>                | <b>Page 4</b> |
| <b>B&amp;O Tax Changes</b>   | <b>Page 4</b> |
| <b>Capital Gains Tax</b>   | <b>Page 4</b> |
| <b>Good News - \$571 Million In Unexpected Revenue</b>             | <b>Page 5</b> |
| <b>Senate Majority Call House Budget Proposal "A Wish List"</b>    | <b>Page 5</b> |
| <b>Major Budget Differences That Must Be Resolved</b>              | <b>Page 5</b> |
| <b>Paid Family Leave Legislation</b>                               | <b>Page 6</b> |
| <b>Contact Your Legislators NOW!</b>                               | <b>Page 7</b> |
| <b>What Is Your Position?</b>                                      | <b>Page 7</b> |
| <b>New Paid Sick Leave Law</b>                                     | <b>Page 7</b> |

**NOTICE:** The information contained in the publication is intended to alert the reader to issues, laws, regulations, rules and events which may affect the operations of a small business. The information is presented in a summary form and is not intended to assure compliance with laws or regulations which may apply to any specific business. The information is not legal advice. The reader is advised to seek the advice of a qualified attorney, accountant or other advisor to obtain specific compliance advice with respect to the laws, regulations, rules or other requirements that may apply to a specific business.

Copyright 2017 by Independent Business Association



# IBA SMALL BUSINESS REPORT



## April 14, 2017

### Legislature Nears End Of Regular Session

The end of the 2017 Regular Legislative Session is April 23, 2017. Between now and then, there will be a constant negotiations on key legislative issues to get them done before the end of the regular legislative session. The Legislature will not finish its work by April 23, 2017 as there are very large differences in passing a two-year state budget and passing legislation to fully fund K-12 basic education. Exactly how the Legislature will proceed working on these issues is still unclear at this time. IBA will keep you advised.

### Major Issues

Below is a list of the major issues that still must be completed by the legislature.

- Two years state budget—SB 5048
- Two-year state Capital Budget - SB 5086
- Two-year state Transportation Budget SB 5096
- Public School Funding—SB 5607

There are many other bills that Legislators are working on in an effort to find agreement on them and pass them. We will highlight them in the coming pages of the IBA Small Business Report.

### Expect the Legislature To Go Into Overtime

IBA and Legislators expect the 2017 Legislature to go into overtime in order to resolve its significant budget differences and significant school funding

differences. The regular 2017 Legislative session will end on April 23, 2017 per the state’s constitution. The 2017 Legislature must pass a balanced budget before it finishes its business in 2017 or state government will shut down.

So expect the Governor to call the Legislature back into special session sometime after April 23rd. There are two approaches the Governor can take:

1. Call a special legislative session on April 24th or near that date. Once the Governor calls a special legislative session, legislators will be eligible to collect their daily per diem. While in session, legislators receive a \$120 per day per diem to cover living expenses while in Olympia (total cost of \$17,640 per day for the 147 legislators) in addition to their yearly salary of \$42,106 a year.
2. Wait until the budget negotiating legislators reach a budget agreement and funding agreement before calling legislators into a Special Legislative Session. This avoids taxpayers paying the daily per diem of \$17,640 per day per diem. This options minimizes the chances of Legislators passing unexpected legislation as they sit around and wait for the budget negotiators to come to an agreement. IBA prefers this option.

IBA and legislative leaders expect the budget negotiations to go through June and possibly into July.

### It’s All About Your Money!

The Legislature is now down to deciding how much of your money they will

spend on K-12 public education and what taxes you will pay to fund the state’s next two-year budget. IBA strongly urges you to carefully read the information in this IBA Small Business Report and respond with your decision on which budget and which tax package you prefer. Thank you.

### Senate Majority Proposes and Passes New State Budget

One of the two essential issues the 2017 Legislature must complete is to (1) fully fund public K-12 public education in response to the McCleary Supreme Court Decision, and (2) pass a state operating budget for the next two years.

On the morning of March 21<sup>st</sup> the Senate Majority Caucus proposed its new two-year state budget. The Senate held a hearing on the budget that afternoon (IBA was there) and considered amendments to the proposed budget the next day and passed the budget out of committee for a full Senate vote. The full Senate passed the proposed budget on the following day over strong objections by the minority Senate Democrats.

Following is a summary of the budget highlights as presented by the Senate Majority:

- Based on 3 key principles:
  - Quality public K-12 education.

**MEMBER ASSISTANCE**

**425-453-8621**

[www.ibamember.com](http://www.ibamember.com)

- Thoughtful investments in our social safety net to protect the most vulnerable citizens.
- Protect the state's economy.
- Puts \$3.6 billion more into K-12 public education that is based on funding per student instead of funding based on staff per school. Allows local schools flexibility to use their funds in the best way to meet the education needs of their students. For the first time in the state's history more than 50% of the state's total budget goes to public K-12 education.
- The Senate Majority budget guarantees \$9,200 in funding per student in 2018-19 school year, and increases that funding to \$12,500 in the 2020-2021 school year.
- 1800 more slots at the state's colleges and universities for resident students. Washington State is leading the nation in reducing the cost of higher education for its residents
- Except for a nominal statewide school levy to fund K-12 public education and blocking local school districts from seeking local school levies to fund K-12 public education, no other general tax increase such as a new state Capital Gains income Tax, a 67% increase in the state's services B&O tax, and a new state carbon tax were NOT included to fund the Senate Majority proposed budget.
- Protecting the most vulnerable
  - \$250 million to care for those with Mental Health conditions. This is a beginning of moving from a centralized mental health care approach to a community based approach that will take years to implement, but we are starting that process now
  - Carefully allocate the \$3 billion in new state revenues from the current state tax system into the priorities of public education, social safety net,
- and preserving and creating jobs in the state's economy.
- Allocate \$700 million to buy down the public employee pension fund unfunded liability.
- This is a 4-year balanced budget based on current and future economic forecasts. Washington State is the only state in the nation to take 4-year balanced budget approach to avoid large budget swings due to over spending in one year and spending cuts in the next due to an economic downturn.
- The proposed budget adopts a levy swap approach that establishes a \$1.55 statewide education levy that raises \$1.8 Billion in the FY 2018 and \$3.3 Billion in the 2019-21 budget period while doing away with local school levies to fund K-12 public education.
- The Senate Majority states that the Governor and the House Democrats have proposed very large state tax increases to fund their budget proposal that is yet to be unveiled but has been unwilling to vote to pass any of those large state tax increases. The Senate Majority states that it has presented a fully funded state budget that fully funds K-12 public education without those large tax increases.
- The Senate Majority modifies the state's social safety net to move more able-bodied people off of public support and get them back to work.
- The Senate Majority budget repeals I-732 that adopted automatic cost-of-living increases for teachers. The Senate majority repeal I-732 because the Senate Majority changes from funding schools based on the number of teachers allocated to a school to funding schools based on the number of students attending the school.
- The Senate Majority budget funds two of the public employee collective bargaining agreements negotiated by Governor Inslee without

consulting with the Legislature. The Majority budget funds the Washington State Patrol and Department of Corrections collective bargaining agreements but not most of the other collective bargaining agreements. The Senate Majority focuses on the biggest needs of our state's citizens. The Senate Majority stated that the Governor and the Legislature knew the state must fully fund K-12 public education in the 2017 state budget. The Governor negotiated collective bargaining agreements with public employee unions that would take \$1.7 Billion of new state revenues off the table. The Senate Majority explains that they took a different approach; they put the \$1.7 Billion into K-12 public education and the state's social safety net instead of pay raises and benefit increases for state employees except the Majority budget funds the Washington State Patrol and Department of Corrections collective bargaining agreements.

You can view the presentation by the Senate Majority of their proposed budget via the Internet at:

[www.tvw.org/watch/?eventID=2017031197](http://www.tvw.org/watch/?eventID=2017031197)

The first 10 minutes is the Senate Majority presentation and the next 20 minutes is the press asking questions about the Senate Majority budget proposal.

## Senate Democrats Call Senate Majority Budget Proposal "Cold Blooded"

Senate Democratic leader Sharon Nelson released the statement following the announcement of the Senate Republican budget:

"What we saw today was straight out of the Trump playbook. Republicans unveiled a budget that protects the

wealthiest at the expense of those who already are struggling for a seat at the table. College students, the elderly, poor children, working families, the disabled, the hungry, the homeless – Senate Republicans raid programs aimed at increasing access to college, breaking the cycle of poverty, preparing the youngest kids for success in school and helping working people make ends meet. Gutting these programs while supporting the largest property tax increase in state history is unnecessary, and simply put, is cold-blooded. Budgets are a statement of values. The Senate Republican budget is a statement of ideology – one that has no place in our Washington.”

## House Majority Proposes State Budget

The House Majority Democrats proposed their new two-year state budget. They call their proposed budget a “families first” budget. The House Majority budget proposes to increase state spending in the next two years to \$44.8 Billion using \$8 Billion in new revenues from new taxes to fund their budget, see details below. Most of the new taxes take effect in the second year of the two-year budget and balloon to nearly \$8 billion in new taxes over 4 years. The House Majority budget spends \$1.5 Billion more than the Senate Majority budget proposes to spend.

Starting next week, the Senate and the House will begin their budget negotiations to develop an agreed-to budget for the next two years.

The House Majority introduced its proposed budget on the morning of March 29<sup>st</sup>, held a hearing on the budget that afternoon (IBA was there) and considered amendments to the proposed budget the next day and passed the budget out of committee for a full Sen-

ate vote. The full House passed the proposed budget on the following day by a **minimum** vote of the House Majority Democrats. The new taxes needed to balance their budget were not included in their new budget legislation.

Following is a summary of the budget highlights as presented by the House Majority:

- Based on 4 key principles:
  - Make public K-12 education better.
  - Make higher education more affordable and accessible.
  - Help our neighbors in need.
  - Make health care affordable.
  - Help create jobs and help small businesses.
- Puts \$3.73 billion more into K-12 public education that is based on funding per student and not funding based on staff per school. For the first time in the state’s history more than 50% of the state’s total budget goes to public K-12 education.
- \$73 million increase to expand funding of state needs grants.
- \$56 million to continue the state’s tuition freeze.
- \$59 million for additional enhancements to higher education in Washington State.
- \$64 million to expand early learning for young children and child care.
- \$333 million in additional spending on health care in Washington State.
- \$155 million in additional spending on state mental health programs.
- \$50 million in additional spending on state long term care for caring for the developmentally disabled.
- \$952 million in “other items”
- The House Majority budget approves the \$1.7 billion in public employee pay and benefit in-

creased negotiated by Governor Inslee without consulting with the Legislature.

You can view the presentation by the House Majority of their proposed budget via the Internet at:

[www.tvw.org/watch/?eventID=2017031374](http://www.tvw.org/watch/?eventID=2017031374)

The first 10 minutes is the House Majority presentation and the next 27 minutes is the press asking questions about the House Majority budget proposal.

You can view a printed summary of the House Democrats proposed budget via the Internet at:

<http://housedemocrats.wa.gov/the-advance/house-democrats-unveil-families-first-budget/>

## New Taxes Proposed

Below are the \$8+ Billion in new taxes the House Majority Democrats propose to fund their proposed budget over the next four years. The following information is directly from the House Majority Democrats.

**Building Wealth for Working Families** – Homeownership is one of the best ways to move into the middle class. Homes are one of the only major assets the average American can afford to invest in their retirement. We’re changing the current real estate tax rate to a progressive rate that will lower costs for buying a home under \$250,000 for working families and raises the rate for homes over \$1 million. Raises \$419.7 million in the 2017 -19 Biennium.

### **State Capital Gains Income Tax**

The House Majority proposes a new 7% excise tax on Capital Gains. Their new Capital Gains tax exempts retirement accounts, single-family homes, farms, livestock, agricultural timber-

land, timber and Christmas trees, property used in a trade or business if the property qualifies for an income tax deduction under Title 26 U.S.C. Sec. 167 or 179 of the internal revenue code. Raises \$715 million in the 2017-19 Biennium.

**Marketplace Fairness** – Right now, Washington businesses are at a competitive disadvantage against out-of-state online retailers who don't have to collect and remit sales tax. House Democrats are proposing to level the playing field by giving online marketplaces a choice: Either collect and remit retail sales tax for Washington sales, just like every other retailing business, remit specific sales and use taxes to the Department of Revenue. Raises \$340.8 million in the 2017-19 Biennium.

**B&O Tax Increase** - . By introducing a 20% increase in B&O tax rate on our highest grossing businesses, we're able to reduce the tax liability for 72% of small businesses to ZERO. Raises \$1.197 billion in the 2017-19 Biennium.

**Small Business Tax Relief** – The current Business & Occupation Tax is an imbalanced tax burden and we must fix it. By introducing a 20% increase in B&O tax rate on our highest grossing businesses, we're able to reduce the tax liability for 72% of businesses to ZERO. Additionally we create a new small business deduction of \$100,000 to businesses with taxable revenue between \$250,000 and \$500,000.

**Closing Costly Tax Breaks** – repeals sales tax exemption on bottled water resulting in sales tax on bottled water; repeals the preferential business and occupation Tax Rate for Warehousing and Reselling Prescription Drugs; Narrows a use tax exemption for self-produced fuel resulting in higher gasoline and diesel tax prices; repealing the preferential business and occupation

tax rate for international investment management services; repealing the current non-resident sales tax exemption and replaces it with a sales tax refund plan. Raises \$137.1 million in the 2017-19 Biennium.

These new taxes will cost the average state voter \$1.984 over the next four years.

## House Democrat Taxes Target Small Businesses

At 8am on Monday, April 3<sup>rd</sup>, the House Finance Committee held a public hearing on their proposed new tax increases, HB 2186. IBA was there and testified against their proposed new taxes, most of which are targeted on small businesses. 'Below are IBA's key points:

### B&O Tax Changes

- Proponents have described this revenue package as: *“Small businesses are overburdened under the state’s regressive tax structure. Even though they might have low profit margins, small businesses are taxed at the same rate as high grossing corporations. These large corporations often receive special tax breaks from which smaller businesses don’t benefit.”*
- IBA agrees with this statement but that is not what HB 2186 does.
- The fact is – HB 2186 focuses on increasing taxes on small businesses that create jobs and employ Washington Workers.
- While selected small manufacturer face a 20% tax increase under HB 2186, the largest manufacturing corporation in the state is exempt from the 20% HB 2168 increase.
- Adopting a new B&O tax deduction for small businesses is a nice idea

Proponents say the new small business tax deduction of \$250,000 *“will exempt 72% of small businesses from B&O tax.”*

- Most of these businesses are already exempted under the current tax credit law that is being replaced by the new small business tax deduction law. (subtle differences between the current tax credit law and the propose tax deduction law)
- IBA provided a handout to legislators using data from the US Small Business Administration that profiles Washington small businesses. The data shows that 74% of Washington small businesses are sole proprietorships and employ no workers. So the 72% exempt businesses claimed by the proponents means almost nothing to small biz.
- Those sole proprietor businesses that do not employ any workers are most of the businesses that will benefit from the new small business B&O tax deduction
- Most of the remaining 26% of small businesses will pay the 20% tax increase contained in HB 2186. The SBA report shows that those 26% of small businesses provide 1.3 million jobs for Washington workers and employ 51% of the private sector workforce. Those are the businesses that will pay the 20% tax. Effectively a tax penalty on small businesses for creating jobs and hiring workers.
- What the proponents claim as small business tax relief, actually increases taxes on small businesses by \$1.197 billion
- 1/3 of those businesses that will pay this 20% tax increase are also indentured sales tax collectors for the state.

### Capital Gains Income Tax

- The House Majority Democrats are proposing a state capital Gains Tax, This new tax is another tax target on small businesses

- IBA provided a handout that shows - According to tax expert Dr. Fiona Chen, CPA, Professor, and former IRS Revenue Agent, the proposed Capital Gains Tax will apply when a small business is sold or transferred.
- Most small business owners invest their working lifetime into building their small business.
- Their small business is more than 50% of their retirement assets.
- When they retire, they sell their business and use the proceeds to fund their retirement.
- As Dr. Chen points out, when they sell their business it will be subject to the 7% capital gains tax proposed in HB 2186.
- Dr. Chen goes on to say the capital gains tax exemption in HB 2186 "for property used in a trade or business" is effectively meaningless in the sale of a small business.
- The proponents of HB 2186 explain that retirement accounts will be exempt from the new capital gains tax.
- This is not the case for small business owners. The value of their business will be subject to this new 7% capital gains tax when they sell their business.
- We have requested information from the Department of Revenue of who will pay the new capital gains tax. They have not yet responded.
- We strongly oppose HB 2186 as it does not help most small businesses as the proponents state, instead, it targets small businesses for a majority of the new taxes that HB 2186 will generate.

## \$571 Million In Unexpected Revenue

Before the Senate and House budgets were proposed, the budget writers got some very helpful news. On March

15<sup>th</sup> the state Economic and Revenue Forecast Council (ERFC) projected an additional \$571 million in state revenue over the next two years based on the economic forecast.

## Senate Majority Calls House Majority Budget Proposal "A Wish List"

Senate Majority budget writers Senator John Braun and Senator Dino Rossi said "The House Majority budget is nothing more than a wish list."

"The House Majority budget needs \$8 billion more to be a balanced budget. The state constitution requires a balanced budget. The Senate has passed a balanced budget and sent it to the House. "The House has passed a budget that is \$8 Billion out of balance."

It takes three key things to pass a state budget. We must agree on (1) how much we will spend in each part of the budget, (2) it must be politically possible, and (3) it must be balanced.

The House has failed on all three points. First, the House budget is basically a "wish list" of ideas that they can't pay for because they are \$8 Billion short on revenues. Second it is not balanced. Third, they have failed to even bring their proposed new tax proposals to a vote of the House to show that their proposed new taxes are politically possible.

"The Senate has shown that you can pass a state budget for the next two years without creating new taxes. Until the House can show that their new taxes are politically possible, their budget is nothing more than a "wish list."

## Major Budget Differences That Must Be Resolved

Below are the major budget differences that budget negotiating legislators and the Governor must find agreement on:

- How much the state will spend on K-12 public education to meet the Washington State Supreme Court's McCleary order to fully fund K-12 public education in Washington State. **Over the next two years the House is proposing to spend \$23,877 million on K-12 Public Schools, the Senate is proposing \$23.960 million.**
- How much will be spent on all other state programs
- How funding of schools will be allocated. Will it:
  - Continue to use the prototypical funding model based on staffing levels allocated to schools as proposed by the House Majority Democrats, or
  - Adopt a new per student funding model that allocates \$12,500+ per student enrolled in a school plus extra funding for schools in poverty areas, for special needs students, and high achieving schools, etc. as proposed by the Senate Majority. The Senate Majority explains that this allows the school to allocate their funding to meet their specific schools needs instead of funding based on a pre-prescribed staffing model.
- How to fund the extra spending included in each of their budgets:
  - The House Majority proposes a series of new taxes (HB 2186) that raises \$8+ Billion over 4 years, or about \$1,900 per year per WA voter.
  - The Senate Majority is proposing a statewide property tax school levy (SB 5607) to re-

place local property tax school levies to fund K-12 public schools.. This statewide school levy would prohibit local school property tax levies to fund K-12 education. This proposal raises about \$5.5 Billion over 4 years, or about \$1,375 per year per WA voter.

- The Senate funding proposal is put to a vote of the people, the House funding proposal is not.
- How to define what is included in K-12 basic education.
- Whether to approve the \$1.7 Billion in state employee pay increases negotiated by the Governor over the past year or not. The House proposes to approve the pay increase, the Senate proposes to approve only two of the increases.

Each of these issues is very complex and affects many, many other issues. Negotiators will meet 12+ hours many days to find an agreement on these issues.

## Paid Family Leave Legislation

Since this new law may well apply to your business, IBA strongly recommends you carefully read this information. Negotiations are now underway on a possible new state Paid Family Leave (PFL) law. Early on, IBA engaged with many others in the business community to determine if state voters were likely to approve a state PFL law if put on the ballot. After receiving polling information that voters would strongly support a PFL law, IBA started to work with the rest of the business community to attempt to find an acceptable state PFL law that will work for small businesses. IBA is sitting at the table with Boeing, Microsoft, the oil companies, Walmart, Expedia, Amazon, etc., etc., etc., and together we are working on this PFL issue. PFL is an extremely complex issue and like the state budget negotiations, there

are many variables to deal with and changing one variable affects many other variables.

Legislative leaders from the House and the Senate have set up negotiations between business community and PFL proponents. There are 5 negotiators at the table for each side. Legislators observe and, from time to time, participate in the negotiations. IBA meets with the business negotiators before and after the meetings.

The PFL proponents are made up of labor organizations; "mom's groups" i.e. Mom's Rising; the American Academy of Pediatrics; YMCA; Economic Opportunity Institute; and others.

Democrat legislators want the negotiations to proceed quickly and come to an agreement before April 23rd when the regular 2017 Legislative Session ends. Republican legislators are comfortable with negotiation moving ahead at a moderate pace as they are convinced, as IBA is, that state budget negotiations will stretch into June, so there is no rush to an agreement of PFL before then.

To complicate these negotiation further, there are several other existing laws affecting these negotiations:

- The current federal family leave law that applies to employers with 50 or more employees. The federal family leave law is less than the PFL proponents want.
- The current Washington State family leave law that has never been implemented due to a lack of funding. Washington's current family leave law is less than what the PFL proponents want.
- There are other state Paid Family Leave laws. This is important because many of Washington State's large businesses also do business in other states and do not want inconsistent state PFL laws.

- The California paid family leave law that was enacted in 2002.
- The New York paid family leave law that was enacted in 2016
- The prospects of a Seattle paid family leave law now being considered by the Seattle City Council.

Below are the major issues that are being negotiated:

- **How do workers qualify for PFL benefits?** Businesses want the worker to have worked at least 1250 hours for their current employer in the previous year before they are eligible for claiming state PFL benefits. The PFL proponents want workers who work for employers for six months (no hours requirement) to be eligible for state PFL benefits.
- **For what reasons can a worker take paid family leave?**
- **How long can a worker take paid family leave?** The PFL proponents want different length of benefits for different reasons for taking state PFL. Longer benefits for a worker who is disabled and cannot work, fewer weeks of benefits to care for a ill family member, different benefits for the birth of a child, etc. Businesses want one benefit length for all reasons, not multiple benefit lengths. Clearly, this issue affects the cost of the state PFL program. The longer the benefits, the more the cost.
- **What will the dollar amount be for the paid family leave benefit?** Businesses are comfortable with a PFL benefit of 75% of the workers average weekly wage, not to exceed the state average weekly wage of \$1087. The PFL proponents want higher benefits for lower wage workers, i.e. 90% of the

workers average weekly wage and a higher maximum weekly benefit amount than the state's average weekly wage. Clearly, this issue affects the cost of the state PFL program. The more benefits, the more the cost.

- **Who will pay for the paid family leave program and how much will they pay?** Businesses have proposed the worker pays 90% of the cost, and the employer pays 10% of the cost. The PFL proponents have repeatedly said 50/50 but have not yet locked in on any number.
- **Will the Washington paid family leave law apply to all employers?**
  - IBA and other small business interests are seeking an exemption for small employers with 50 or fewer employees. This is consistent with the federal family leave law. The PFL proponents strongly oppose this level of exemption for small employers, they want the new law to apply to ALL employers.
  - Businesses with collective bargaining agreements want to be exempt from the state paid family leave law as they claim that they negotiate their entire employee compensation package with their employees and a state PFL law will be in addition to their collective bargaining agreements.
  - Employers that now provide equal or greater PFL benefits to their workers, want to be exempt from the state PFL law. They claim that the state PFL law will provide less benefits to workers than they already provide and that requiring them to participate in the state PFL will cost them more money than their current program. Others in the business community and the PFL proponents say that these employers should

participate in the state PFL system and that these employers can provide additional benefits on top of the state PFL law benefits.

The fewer employers and workers in the state PFL program, the higher the cost.

**Portability?** The PFL proponents want portability for workers. Their concept is that a worker can work for any number of employers in their qualifying period (six months) and qualify for state PFL benefits. The business community argues back that this simply won't work. A new employee could start at a new company and take family leave on his/her first day of work and still collect state PFL benefits. PFL proponents argue this is an employee benefit, not an employer benefit, and it must be available when an employee needs the benefit. Clearly this will be a difficult issue to find agreement on.

**Job Protections?** Will there be job-protections for workers taking state PFL ensuring that the worker can return to their previous job after taking state PFL? If so, what size businesses with this apply to?

**How will small employers be protected from 600% increases in their state unemployment rates if they hire a replacement worker and then lay-off the replacement worker when the worker taking PFL returns to work?**

**Should the state PFL law preempt local PFL laws like the one being considered in Seattle?** Business says yes, the PFL proponents say no.

**What agency should administer the state PFL law?** Both business and labor are focusing on the WA Employment Security Department, but is not the agreed to yet.

## What's Your Position?

What is your position on the two state budget proposals and the two tax proposals and what is your position on the Paid Family Leave legislation negotiations. We have put a Small Business Directive on page 8 of this Report and how to return to IBA. It is also available via the Internet at:

[www.ibaw.net/directive](http://www.ibaw.net/directive).

## Contact Your Legislators NOW!

You **should** contact your legislators now and urge tell them which budget you favor (House Democrat Majority or Senate Majority) and tell them which tax approach you favor (House Democrat Majority (target's small businesses) or Senate Majority (nominal property tax increase)). Call **1-800-562-6000 - the Legislative Hotline** - and the attendant will help you identify your legislators and your legislative district. The attendants will also take your concise message and deliver your message to your legislators on the issues important to you. After you learn your Legislative District, use the list at:

[www.ibaw.net/2017legislators.pdf](http://www.ibaw.net/2017legislators.pdf)

to find your legislators' phone numbers and email addresses.

## New Paid Sick Leave Law

A new Paid Sick Leave Law will take effect on 1/1/2018. It is different than Paid Family Leave. The rules for the statewide paid sick leave law have just been released and the Department of Labor and Industries is looking for your input. Part of I-1433, last November's increase of the state's minimum wage also included paid sick leave law for all employees. The Initiative directed the Department to develop rules to implement this new Paid Sick Leave Benefit on 1/1/2018. Please review the rules, IBA's information, and comments at:

[www.ibaw.net/paidsickleave.pdf](http://www.ibaw.net/paidsickleave.pdf)

## IBA Small Business Directive

You can complete the Directive via the Internet at [www.ibaw.net/directive](http://www.ibaw.net/directive) or you can fax your completed directive to IBA at **425-358-3213**

Please insert your business name here: \_\_\_\_\_

IBA needs your input on the proposed state budgets and tax proposals presented by the state House and the state Senate and which are outlined on pages 1-6 of the April 2017 IBA Small Business Report. These tax packages will cost the average voter over \$1,000 over the next 4 years if approved. You can complete this form here on the Internet or print the form, complete it, scan it, and email it to IBA at: [iba@isomedia.com](mailto:iba@isomedia.com), please put "State Budget and Taxes" in the subject line; or fax your completed form to IBA at **425-358-3213**. Thank you!

We prefer the \_\_\_\_ House Budget \_\_\_\_ Senate Budget proposed by the state legislature.

We prefer the \_\_\_\_ House Tax Proposal \_\_\_\_ Senate Tax Proposal \_\_\_\_ NO Taxes to fund public schools and the operations of state government over the next two years.

We \_\_\_\_ WILL \_\_\_\_ WILL NOT contact our legislators about which budget and tax proposal we prefer.

Please explain why you are taking the position you are taking on the proposed state budget and taxes, Thank you. You can your thoughts to IBA via fax at (**425-358-3213**) or by email to: [iba@isomedia.com](mailto:iba@isomedia.com), please put "State Budget and Taxes" in the subject line.

---

---

---

---

---

---

---

---

---

---

Please indicate your thoughts about and recommended changes to the new State Paid Sick Leave rules and IBA comments that can be found via the Internet at [www.ibaw.net/paidsickleave.pdf](http://www.ibaw.net/paidsickleave.pdf) You can send your thoughts to IBA via fax at (**425-358-3213**) or by email to: [iba@isomedia.com](mailto:iba@isomedia.com), please put "Paid Sick Leave Rules" in the subject line.

---

---

---

---

---

---

---

---

---

---