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2017 Earned Paid Sick Time

TUCSON (June 21, 2017) - This notice is to inform you of an important new law that goes into effect July 1, 2017. If you have any Arizona employees, please be aware that on this date employees begin to accrue paid sick time. The law requires employers to include a paid sick time benefit for all employees working in Arizona.

You can learn valuable information from the Industrial Commission of Arizona (the agency tasked with enforcement) at www.azica.gov. We have distilled the key points into an action plan below. Please note that if we process your payroll, we will need to know your selections so that we can begin the necessary tracking. You may have complicating factors or specific questions, and we are happy to help resolve them.

- 🍏 Count the number of employees on your payroll, including part-timers. If there are at least 15, you will need to provide up to 40 hours paid sick time per year for each employee. If there are fewer than 15 employees, you may qualify to offer a reduced benefit of 24 hours each. If you think you qualify for this, call us, since there is a look-back period to consider.
- 🍏 Determine how you would like to define a “year” for accrual purposes. Your choices are calendar year, fiscal year (ending on the month of your choice), or the employee hire date. This will become one of the elements of your policy. If you choose something other than the July 1 start date of this law, call us to calculate the prorated number of hours you will need to offer for the first year.
- 🍏 Determine if unused accrued sick time will be paid at the end of the year selected, or will be carried over for the next year. Unused, accrued time is not required to be paid at termination, but it does carry over and this does not reduce the amount to be accrued in the next year.
- 🍏 Many employers already offer some form of paid time off for vacations, personal days, or sick leave. You can integrate the new policy into your existing plan. Alternatively, you can add a new policy to cover these new paid sick time rules. The new law is probably more generous to employees, so if you are combining with your current plan, be sure you offer the required number of hours and availability.

Once you have decided these characteristics of your accrued paid sick time policy, you need to do the following to comply.

- 🍏 Adopt a sick pay policy and accrue 1 hour for every 30 hours worked. The maximum accrual for a year is 40 hours (24 hours if you have fewer than 15 employees.)
- 🍏 Notify employees in writing of the policy. You can do this by using a poster provided by the Industrial Commission of Arizona (www.azica.gov).
- 🍏 Begin accruing paid sick time hours starting July 1, 2017. Include information with employee paystubs showing hours accrued, paid, and available.
- 🍏 Keep records for four years.

Everyone will find special situations and circumstances. You may have complicating factors not covered in the legislation. Preliminary guidance is available for things like probationary employees, rehires within nine months of prior separation, legitimate uses of sick time and the employer's ability to restrict it, loaning time to employees, requiring advance notice before authorizing paid sick time, and calculating pay rates when multiple rates apply for a particular employee.

If you have any questions about this important update, policy details or rules of compliance, please give us a call as we are happy to assist.

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Industrial Commission of Arizona (www.azica.gov)