

SENATE BILL REPORT

SB 6578

As Reported by Senate Committee On:
Commerce & Labor, February 3, 2016

Title: An act relating to local regulation of private employers.

Brief Description: Addressing local regulation of private employers.

Sponsors: Senators Baumgartner and Braun.

Brief History:

Committee Activity: Commerce & Labor: 2/01/16, 2/03/16 [DPS, DNP].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: That Substitute Senate Bill No. 6578 be substituted therefor, and the substitute bill do pass.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; King and Warnick.

Minority Report: Do not pass.

Signed by Senators Hasegawa, Ranking Minority Member; Conway and Keiser.

Staff: Jarrett Sacks (786-7448)

Background: The Minimum Wage Act requires employees 18 years of age and older to be paid at least the minimum hourly wage. Each year, the minimum hourly wage is adjusted for inflation by the Department of Labor and Industries (L&I). L&I has authority to set the minimum wage for individuals under the age of 18 by rule. The Minimum Wage Act sets the minimum standard for wages. Cities, counties, and other municipal corporations are authorized to pass more favorable regulations.

The city of Seattle passed an ordinance in 2011 that requires all employers operating within Seattle city limits to provide paid sick and safe leave to their employees. This ordinance took effect on September 1, 2012. It establishes minimum standards, and applies to businesses that are based in Seattle as well as those based outside Seattle that have employees who perform work in Seattle. The city of Seattle also adopted a \$15 minimum wage, which took effect April 1, 2015. The wage phases in annually over three to seven years, depending on employer size.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

In 2013, Proposition 1 was approved by the voters in the city of SeaTac. Proposition 1 established a variety of requirements for hospitality and transportation businesses in SeaTac, including a minimum wage standard of \$15 per hour, paid leave for sick and safe time, and other employment-related provisions.

In 2015, voters in the city of Tacoma approved a \$12 minimum wage, to be phased-in over two years, effective February 1, 2016. The Tacoma City Council also passed an ordinance, that is also effective on February 1, 2016, requiring employers to provide up to 24 hours of paid leave annually to employees working within the city of Tacoma.

Earlier this year, Spokane's city council approved an ordinance requiring earned sick and safe leave. The ordinance was vetoed by the city's mayor, but the city council overrode the veto on January 25, 2016.

Summary of Bill (Recommended Substitute): Cities, towns, and port districts are prohibited from regulating private employers with regard to:

- the payment of wages;
- hours of work;
- labor scheduling;
- employee retention; and
- leave from employment.

Any prohibited regulations are void and unenforceable, and county law applies. The prohibition applies to all regulations after the bill is enacted. Any city, town, or port district contract that contains provisions regarding the payment of wages, hours of work, employee retention, employee scheduling, or leave from employment entered into after enactment are void and unenforceable. Only the federal government, the state, and counties may regulate private employers with regard to the payment of wages, hours of work, employee retention, and leave from employment. Collective bargaining agreements, regulations that apply to only public employees, and regulations enacted prior to the effective date of the bill are not impaired.

A provision in the Family Leave Act that allows local laws to provide greater family or medical leave is removed.

EFFECT OF CHANGES MADE BY COMMERCE & LABOR COMMITTEE (Recommended Substitute): Adds labor scheduling to the list of prohibited regulations for cities, towns, and port districts. Specifies that the bill does not apply to regulations adopted before the effective date of the act.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: PRO: There are too many different standards for leave and wages, which makes it extremely difficult for businesses in the state. Preemption is necessary in Washington because local jurisdictions are making their own regulations. State taking action is preferable to an initiative. The Legislature is the body to resolve conflicting regulations. Differing standards creates a large amount of logistical issues and paper work. Preemption is supported by businesses and retailers. Localities increasing the minimum wage is putting places out of business.

CON: The state legislating minimum wage does not raise the minimum wage high enough, fast enough.

Persons Testifying on Original Bill: PRO: Senator Baumgartner, prime sponsor; Jan Gee, Washington Food Industry Association; Bruce Beckett, WA Restaurant and Lodging Association; Holly Chisa, NW Grocery Association, Mark Johnson, Washington Retail Association; Patrick Connor, NFIB/Washington, Larry Stewart, Washington Association of Neighborhood Stores.

CON: Ariana Davis, Grocery Worker; Sharon Kitchel, Homecare Provider; Sheley Secret , National Association for the Advancement of Colored People.

Persons Signed In To Testify But Not Testifying on Original Bill: PRO: Larry Stevens, Mechanical Cont Assoc, Nat Elect Contractors Assn.

CON: Janet Chung, Legal Voice; Tiffany Hankins, Naral Pro-Choice Washington; Rebecca Smith, NELP; Marilyn Watkins, Economic Opportunity Institute; Felipe Rodriguez-Flores, Progreso; Dave Williams, Assoc of WA Cities; Candace Mumm, Councilmember, City of Spokane.

OTHER: Holly Chisa, NW Grocery Association.