



## OFFICE OF CHAIRMAN MENDELSON COUNCIL OF THE DISTRICT OF COLUMBIA

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### **MENDELSON STATEMENT ON PAID LEAVE LEGISLATION**

**WASHINGTON, DC** - In an unusual step, a week before markup, Council Chairman Phil Mendelson today released the draft committee print for Bill 21-415, the "Universal Paid Leave Amendment Act of 2016." Ordinarily, a committee print is released 24 hours before a committee vote.

"Arguably, this bill will be the most generous in the nation by providing 8 weeks paid leave for family care such as a sick child or parent, and 11 weeks paid parental leave such as for bonding with a newborn child," Chairman Mendelson noted. The wage replacement rate will be 90% for the lowest paid workers (earning below 150% of the minimum wage). This will be roughly 50% higher than the rate in other states. For everyone else, the benefit is capped at \$1,000 per week.

The benefits will be funded entirely by a new 0.62% payroll tax on employers. "I would have preferred the tax be shared between employers and employees, but Congressional restrictions on our ability to tax commuter income prevents this," said Mendelson.

"The bill will benefit all employees in the District," continued Mendelson, "just as we do, for instance, with the minimum wage and unemployment insurance. Most businesses see benefits as a means to attract and retain workers. Looked at from this perspective, the bill makes the District a more attractive place for workers, and therefore becomes a benefit to District employers."

The 0.62% payroll tax will generate approximately \$246.3 million annually, which the Chief Financial Officer has said will meet the benefits costs as well as the annual administrative costs of roughly \$19 million.

This is the first bill for which the Council will have an economic impact statement -- to be released December 2. "I expect it will show negligible impact on the District's economy," Mendelson said. "Jobs will continue to grow in number, but in 10 years the growth will be a fraction of 1% less than otherwise would have occurred."

Self-employed workers are not covered under this new program unless they opt-in. District government workers also are not covered because the District already has a program that in some ways, is more generous, providing 8 weeks leave at 100% wage replacement.

Implementation of the bill will be phased in, with the first benefits expected to be paid in January 2020. The payroll tax will begin one year earlier.

“I recognize that for some proponents this bill does not go far enough. The original bill offered 100% wage replacement up to \$3,000 per week for 16 weeks, for both self-care and family care. I also recognize that many businesses may be unhappy that this bill establishes a new tax on them. In that regard, I note the following:

- “The Council adopted tax reform in 2014, which is still being phased in, and that will reduce the business franchise tax rate from 9.975% to 8.25%.
- “I will re-introduce, with Councilmember Grosso, Bill 21-466, the ‘Local Business Support Amendment Act of 2015,’ and push for its adoption by the Council. This bill is intended to reduce regulatory burdens on small and local businesses.
- “I am asking D.C. Auditor Kathy Patterson to undertake an analysis of what DCRA needs to become efficient and less time-consuming in the processing of licenses and permits.
- “Sensitive to the cumulative effects of legislation that could have a disparate impact on District employers, I will support a two-year moratorium on the adoption of similar bills, such as mandating scheduling requirements or nurse staffing ratios in hospitals.”