



## Arizona Proposition 206: Minimum Wage and Paid Sick Time Requirements Brief

### *Background*

On November 8, 2016, Arizona voters approved Proposition 206, which increases the Arizona minimum wage starting on January 1, 2017 and incrementally to \$12 per hour in 2020. Proposition 206 also mandates that, beginning July 1, 2017, Arizona workers shall accrue and have the legal right to use paid sick time for most employees in Arizona.

### *Minimum Wage Provisions*

In 2016, Arizona's minimum wage was \$8.05 per hour. Prop 206 calls for annual increases to raise the minimum wage to \$12 per hour by 2020, as follows:

- Beginning January 1, 2017, the minimum wage is increased to \$10 per hour.
- On January 1, 2018, the minimum wage is increased to \$10.50 per hour.
- On January 1, 2019, the minimum wage is increased to \$11 per hour.
- On January 1, 2020, the minimum wage is increased to \$12 per hour.
- On January 1, 2021 and every year thereafter, the minimum wage will be increased by the cost of living.

### *Paid Sick Time Provisions*

Prop 206 mandates that employers offer virtually all Arizona employees paid sick time (PST). This applies to most private employers in the state (but not the state or federal governments); the only exceptions are for those working for a parent or sibling and babysitters.

Beginning July 1, 2017, employees must earn a minimum of 1 hour of PST for every 30 hours worked. Employers with 15 or more employees only have to permit accrual of 40 hours maximum of annual PST to their employees. Employers with less than 15 employees only have to permit 24 hours maximum of PST. Unused PST carries over to the following year, though it is not clear yet whether the carryover hour count towards the statutory caps (40 and 24).

PST can be used for the employee's mental or physical illness, injury or health condition, need to care for a family member (very broadly defined), public health emergency, or domestic violence, sexual violence, abuse or stalking. Employees can use PST starting 90 days after employment begins. Employers with existing paid time off policies that meet or exceed the benefits need not change their existing policies. Employers have a limited ability to verify employee's use of PST: only when an employee takes three or more days of consecutive sick time can the employer require reasonable documentation of their absence. Importantly, employers who currently request a doctor's note for any one day of absence should pay close attention to this change and modify practices and policies accordingly.

Employers must maintain records for all accrued and used PST, including a record on employees' paychecks (or in a notice provided with the employees' paychecks) of the amount of PST available, used and pay received as earned PST.

The brief above is intended to provide a general overview of rulemaking and legislation; however, individuals should consult the rules and/or legal counsel about their particular circumstances.