

Publications & Media

# New Arizona Minimum Wage and Paid Time Laws Effective in 2017

Share this page:

---

**Associated  
People**



Marian M. Zapata-Rossa

---

**Associated  
Services**

Labor & Employment

**Related Content**

2017 Compliance Deadlines Approach for Illinois, Cook County, and Chicago Sick Leave Laws





---

In the November election, Arizona voters approved the Fair Wages and Healthy Families Act (the Act), also known as Proposition 206. The Act raises Arizona's minimum wage incrementally over the next several years, and also requires employers to provide employees with paid sick time off. The Governor's office has now signed the Act into law and it is slated to become effective as of January 1, 2017 so employers need to take action now to ensure they are in compliance by the start of the New Year.

#### **Minimum Wage Increase**

Beginning on January 1, 2017, the minimum wage in the state of Arizona will increase from \$8.05 to \$10.00 an hour. As such, employers currently paying employees under \$10 per

hour will need to take action now to ensure that its payroll will be in compliance by January 1, 2017.

Thereafter, the Arizona minimum wage will continue to increase on January 1 of every year up to \$12.00 an hour in 2020, as follows:

- January 1, 2017 it will increase to \$10.00 an hour
- January 1, 2018 it will increase to \$10.50 an hour
- January 1, 2019 it will increase to \$11.00 an hour
- January 1, 2020 it will increase to \$12.00 an hour

Starting on January 1, 2021, the minimum wage in Arizona will increase each year in correlation to the cost of living.

Any employers whose employees regularly receive tips or gratuities may continue to pay them up to \$3.00 per hour less than the respective minimum wage so long as, with the tips included, they do not fall below minimum wage.

Just as under the current law, the minimum wage provisions do not apply to the State of Arizona, the United States, or small businesses with less than \$500,000 in gross annual revenue and that are exempt from having to pay minimum wage under the Fair Labor Standards Act.

### **Paid Sick Time Off**

In addition to increasing the Arizona minimum wage, the Act also requires employers to provide employees with paid sick time off of work for certain medical and other reasons at the same pay and benefits otherwise received. Unlike the minimum wage provisions, the sick time requirements apply to **all** private employers, including small businesses, and employers have until July 1, 2017, instead of January 1, 2017, to implement the new sick time requirements.

### *Accrual*

Beginning on July 1, 2017 or upon hire, whichever is later, employees are entitled to accrue 1 hour of sick time for every 30 hours worked. This applies to all employees, regardless of whether they are full-time or part-time, or exempt or non-exempt under the Fair Labor Standards Act (FLSA). Exempt employees will be presumed to work 40 hours each workweek, unless their normal workweek is less than 40 hour in which case their sick time will accrue based off their normal workweek. Employers may require, however, that an employee complete a 90-day probationary period before the employee is allowed to use any accrued sick time.

Employers with 15 or more employees may cap the amount of paid sick time an employee may accrue or use at 40 hours per year. Employers with less than 15 employees may cap the amount of paid sick time their employees may accrue or use at 24 hours per year.

All accrued, unused time under the Act must be carried over each year. Even so, employees may not use more than the maximum capped amounts in any given year. Alternatively, employers have the option to pay employees for any accrued, unused sick time at the end of the year and replenish their sick time for immediate use upfront at the beginning of the subsequent year.

Employees are not entitled to be paid, however, for any accrued, unused sick time upon leaving their employment, regardless of whether it was for a voluntary or involuntary termination.

#### *Qualified Uses for Taking Leave*

Under the Act, employees may take sick time to care for their own mental or physical illness, injury or health condition, or need to seek diagnosis, care, or treatment of a condition; or for their preventative care.

The Act, however, not only applies to an employee's own medical care but also extends to time off needed to care for a "family member." The Act defines "family members" broadly to include spouses, registered domestic partners, children (regardless of age), parents (including stepparents and parents-in-law), grandparents, siblings, or any other individual whose relationship with the employee is equal to a familial relationship.

In addition to taking sick time for medical reasons, the Act also allows sick time to be used

when employees or their family members need treatment, to relocate, obtain legal services or counseling because they are victims of domestic violence, abuse, sexual violence, or stalking. The Act also allows sick time to be taken for specific instances when businesses or schools are closed because of a public health emergency, or when care is required for the employee or a family member who has been exposed to a communicable disease.

When paid sick time is taken for three or more consecutive workdays, employers may request reasonable documentation to validate that an employee is using it for a permitted purpose. Reasonable documentation includes: a doctor's note indicating that the time off is necessary. In the case of issues of domestic violence, reasonable documentation includes: a police report; a protective order, injunction against harassment, or other court record requiring court attendance; a signed statement from a domestic or sexual violence program services provider or an attorney, member of the clergy, medical or other professional; or the employees' own handwritten statement. Employers may not inquire into the details of the health information or relating to the domestic violence and must keep such information confidential.

### **What Should Employers Do?**

Arizona employers should update their policies concerning paid time off, sick days, leaves of absence and attendance to reflect the 2017 changes under the Fair Wages and Healthy Families Act and be prepared to comply with the paid sick time requirements as of July 1, 2017. If employers will require employees to follow special procedures for requesting sick time off, such requirements must be specifically detailed in a workplace policy and distributed to all employees.

In addition to modifying payroll and sick time policies to ensure compliance with the Act, it should be noted that employers are also required to give employees, beginning July 1, 2017, notice of the following: (a) that the employee is entitled to paid sick time and the amount of paid sick time; (b) the terms of the employee's ability to use paid sick time; (c) that retaliation against an employee who used paid sick time is illegal; (d) that the employee can file a complaint if the employer will not allow the employee to use his or her paid sick time, or if the employer retaliates against the employee for using his or her paid sick time; and (e) the contact information for the Arizona Industrial Commission (AIC) where parties can inquire about their rights and responsibilities under the law. Furthermore, along with each

paycheck, employees must receive an accounting of how much paid sick time they have available, how much has been used, and how much sick time they have been paid. The AIC is expected to develop a model notice employers can use to comply with the notice requirements.

#### *No Retaliation and Penalties*

The Act strictly prohibits employees from being retaliated or discriminated against for exercising their rights under the Act. The Act also assigns possible monetary penalties for violations, including of the recordkeeping and notice provisions.

For more information on complying with the 2017 minimum wage and paid sick time changes, please contact Marian Zapata-Rossa at (602) 229-5447 / [marian.zapata-rossa@quarles.com](mailto:marian.zapata-rossa@quarles.com) or your Quarles & Brady attorney.