

**STATE OF VERMONT**

The Senate and House worked well together on the revised Paid and Family & Medical Leave and did send an approved bill (see details below) to the Governor on Friday last Friday and as predicated the Governor has vetoed the mandatory bill because it levied a 29-million-dollar tax on all Vermonters. The Governor intends on proposing a voluntary plan. The House and Senate will attempt to override the Governor's veto. Needing two-thirds of those present in both the House and Senate will be a challenge.

\*\*\*\*\*

**H.107 Paid Family and Medical Leave**

This new benefit would be funded with an employee-paid **0.20 percent payroll tax**. Employers can cover the cost in whole or part for their employees. Employers may also apply for exemption from the payroll tax if their plan meets the requirements in the bill. The Commissioner of Financial Regulation will approve of any exemptions., an employee can be exempt from the tax if their employer complies with the requirements in the bill through their own benefit plan.

**Eligibility:** Any employee who works at least 675 hours in the past four calendar quarters for a company with 10 or more employees and work at least 30 hours a week. Lower income employees will receive a higher wage replacement.

**H.107 benefits:** A qualified employee shall be permitted to receive a total of not more than 12 weeks of Family and Medical Leave Insurance benefits in a calendar year which may include:

- Up to 12 weeks of benefits for parental bonding leave taken by the employee;
- Up to eight weeks of benefits to care for a family member; and
- Family members include: child or foster child; a stepchild or ward who lives with employee; spouse, domestic partner or civil union partner; parent or parent of the spouse, domestic partner or civil union partner; sibling; grandparent; grandchild.
- Employees may "opt-in" to for voluntary medical leave for up to six weeks at a .38 percent payroll tax
- Vermonters who earn less than \$7,400 are not eligible for benefits

**Determination of reimbursement:**

The portion of the employee's average weekly wage that is less than or equal to 55 percent of Vermont's average weekly wage shall be replaced at a rate of 90 percent. The portion of the employee's average weekly wage that is greater than 55 percent of Vermont average weekly wage.

**S.23 An act relating to increasing the minimum wage**

The Senate passed a minimum wage bill last week that would cost businesses \$53 million (2021) and \$121 million (2022) in additional payroll allocation if signed into law. The proposed increases would also slightly suppress (by 0.08%) the State's total GDP growth over the same period. Legislators on the conference committee tasked with finalizing the bill also verbally indicated that the proposed two-year phase-in to a wage target of \$12.55 by 2022 would serve as a jump start for future increases. Having passed in both the House and Senate, the bill now moves to the Governor's desk for his consideration.

- Beginning January 1, 2020, the minimum wage will increase to \$11.75

- Beginning January 1, 2022, the minimum will increase to \$12.55
- Each subsequent January 1, the minimum wage rate shall increase by 5% or the percentage increase of the Consumer Price Index, CPI, whichever is smaller.

Although Gov. Scott had promised to veto earlier versions of the bill, he may sign this more modest bill.

### **H.1 An act relating to agreements not to compete**

The House is moving forward on their 2019 bill to revise rules around non- compete agreements. The House Commerce and Economic Development Committee is close to passing a bill that that would restrict the use of non-compete agreements.

The bill as drafted would allow employers to enter into non-compete agreements with key employees who earn more than \$75,000 per year. Employers would be required to pay for up to two hours of attorney consultation for the employee. Agreements would have to be supported by “substantial consideration,” and agreements entered as part of a promotion would have to be supported by additional compensation. The Department of Labor has previously indicated that existing department resources can sufficiently handle misclassification cases. In 2019 testimony, the Attorney General’s office expressed lukewarm interest in taking on this additional responsibility.

\*\*\*\*\*

Links to all bills:

House bills: <https://legislature.vermont.gov/bill/all-house/2020>

Senate bills: <https://legislature.vermont.gov/bill/all-senate/2020>

House committee assignments can be found by clicking on the following link:

<https://legislature.vermont.gov/committee/list/2020/House-Standing#House-Standing>

Senate committee assignments can be found by clicking on the following link:

<https://legislature.vermont.gov/committee/list/2020/Senate-Standing#Senate-Standing>

For more information about the SHRM Vermont State Council Legislative Employment Law and Legislative Advocacy Update, please contact Donna Austin-Hawley at 802-661-5392 or <a href="mailto:donna.austin-hawley@nsbvt.com">donna.austin-hawley@nsbvt.com</a> .
--