

Massachusetts Paid Family and Medical Leave Start Date Delayed Three Months

June 13, 2019

On June 11, 2019, following pressure from business leaders, Massachusetts state officials agreed to a three-month delay before companies are required to make payroll tax contributions to the new Massachusetts Paid Family and Medical Leave (PFML) program.

Governor Charlie Baker, Senate President Karen Spilka and House Speaker Robert DeLeo issued a joint statement:

To ensure businesses have adequate time to implement the state's Paid Family and Medical Leave program, the House, Senate and Administration have agreed to adopt a three-month delay to the start of required contributions to the program. We will also adopt technical changes to clarify program design. We look forward to the successful implementation of this program this fall.

The legislature will still need to pass an emergency bill before the delay is official.

It is unclear whether the June 30, 2019 notice deadline will be altered and whether contribution amounts will be increased to make up for the months of lost contributions.

As a reminder, the PFML program requires the following:

- Employers that already provide a paid leave benefit may qualify for an exemption to the PFML program, and although a new deadline for applications has not been set, <u>employers are encouraged to apply</u> as soon as possible. Note that, without an <u>approved</u> exemption, each employer must ensure compliance with PFML notice deadlines and begin making the required payroll deductions in October 2019.
- Each employer must determine the contribution amounts that it (and its workforce) will owe to meet the initial contribution
 rate of 0.63% of gross wages. The Department of Family and Medical Leave has provided a toolkit for employers to assist with
 this calculation. It is vital that employers make this determination as soon as possible so that accurate information may be
 included in the notices when the PFML program goes into effect.
- When the PFML program goes into effect, each employer must distribute a specific notice to the employer's workforce. This
 notice must include accurate and complete information regarding the contribution amounts owed, and employers must
 ensure that each worker acknowledges receipt of the notice (either through returning a signed acknowledgment in hard copy
 or through affirmatively acknowledging receipt electronically). Note that there are different forms for employees and
 independent contractors, and that such notices must be provided to 1099-MISC independent contractors only if such
 contractors make up 50% or more of the employer's workforce.
- When the PFML program goes into effect, employers must ensure that the <u>PFML poster</u> is displayed prominently on the employer's premises.

Cooley will continue to monitor updates to the PFML program and provide relevant updates to our clients. Please contact us with any questions about the PFML program.

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