

Unintended Consequences of HB20

Small businesses are critical to our economy. In 2020, small businesses accounted for 99 percent of all businesses in our state and employed more than 54 percent of New Mexican workers.

Unfortunately, as currently written, HB20 would make it more costly and challenging for already struggling small businesses to operate in New Mexico. It would create an insolvable economic climate and hurt both employers and employees.

HB20 is focused on creating a mandatory paid sick leave program but does not create a clear, feasible framework for implementation.

We cannot allow hastily, poorly written legislation to jeopardize the future of New Mexico's small businesses.

A few of HB20's challenges include:

Diminishing Employees' Existing PTO Benefits

Currently there are 15 states, including Washington D.C., that have some form of a mandatory sick leave or PTO program. **HB20 would be the only state law in the country that would not recognize an employer's current PTO plan if the benefits are equal to or more generous than the state program.**

This means employee benefits could actually diminish under HB20 if an employee currently has a more generous PTO program. As written, employees would be limited to use their PTO in accordance to the sick leave rules in HB20, instead of using the PTO they've earned the way they choose.

Complicating the Employer & Employee Definitions

HB20's definition of an "employer" and "employee" are overly broad and complicated. For instance, **any family that hires someone for babysitting, yard work or general housework would be required to track and pay sick leave for them for their services.** So, the niece or nephew you hire to watch your dog for the weekend or the family friend you ask to help tutor your child in math would be considered your employee. **If you don't track and provide sick leave and a complaint is filed, the "employer" would be liable for at least a \$1,000 penalty.**

Burdening Small Businesses Financially with Excessive Leave

Under HB20, emergency leave accrues immediately and is **greater than any mandatory paid sick-leave or PTO program in the country.** Most New Mexican workers could immediately take two weeks off work upon starting a new job.

This would be similar to the federally reimbursed CARES act program. However, unlike the CARES act emergency leave, **HB20 puts the entire financial burden of this public benefit on New Mexico employers.**

Providing Insufficient Timeframe for Businesses to Plan

The law would go into effect 90 days after the legislature adjourns, providing insufficient time for employers or Workforce Solutions to properly plan to implement the plan.

In Comparison...



New York's paid sick leave applies to all employers with 5 or more employees or all employers with 4 or fewer employees if business has net income of \$1 million or more.

HB20 would apply to all employers, including those that hire people for services in their home. No limit on number of employees.



Vermont's paid sick leave applies to employees who work for no less than 18 hours per week during a year.

HB20 would apply to all employees, including part-time, family members and individuals performing household services like babysitting and yard work.



Arizona allows a maximum of 40 hours of paid sick leave for employers with 15 or more employees or 24 hours of paid sick leave for employers with fewer than 15 employees.

HB20 would allow 64 hours of paid sick leave PLUS 80 hours of public health emergency leave for a total of 144 hours with no accommodation for small businesses.



Washington D.C. does not require employers to change their existing paid leave policies IF employees accrue hours at the same rate or greater than the city mandate.

HB20 does not recognize existing PTO programs. If an employer has a specific paid sick leave program that provides sick leave separate from other forms of PTO and is equal to or greater than HB20's benefits and accruals, the employer would not be required to provide additional paid sick leave under the bill.