

HB 20-1193



2020
Free Market
Family Leave Bill

Colorado employers
have long supported
their employees who
want to take leave
from work for medical
and family reasons

Do we need it and why?

Gives employees peace of mind knowing
they can care for their family in an emergency

Gives employers a competitive advantage

Current Colorado Employer Practice

Many employers currently provide robust paid leave policies that can be used for medical or family leave purposes.

Other employers follow the federal FMLA, which allows for 12 weeks of unpaid leave.

In a nutshell

- ▶ Participation is completely optional
- ▶ Employees may contribute to a Leave Savings Account
- ▶ Employers will receive a tax credit for participation

2020 Free Market Bill

Employees

- ▶ Employee may establish a Leave Savings Account (LSA) in a financial institution
- ▶ Employee may contribute up to \$5,000 annually to a Leave Savings Account to use during Family Leave
- ▶ Employee may claim a state income tax deduction for the total contribution as well as interest earned
- ▶ Funds deposited in LSA by employee and employer remain under the control of the employee
- ▶ 10% penalty for misuse of funds
- ▶ An employee may withdraw all funds remaining in account at the age of 65 without a penalty

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Employers

- ▶ May contribute to an employee's LSA receiving a 15% tax credit on contributions of up to \$3,000 annually
- ▶ Who pay at least 50% wages during an employee's family leave will receive a tax credit of 15% of wages paid
- ▶ The amount contributed to an LSA or paid for wages will be added back to income to eliminate the deduction.
- ▶ An employer may contribute to an employee's LSA regardless of donations by the employee
- ▶ Length of employment before eligibility will be determined by employer but may be no less than 6 months

Who is Covered?

- ▶ Employee
- ▶ The policy could apply to any combination of parents, for the Mother, Father, or both.
- ▶ Domestic partners
- ▶ Victims of domestic violence
- ▶ Military service
- ▶ Consistent with the federal FMLA

Covered Claims

- ▶ Employee may use their LSA for any leave purpose allowed under the U.S. Family and Medical Leave Act (FMLA).
 - ▶ Personal illness
 - ▶ Caring for a family member who is ill
 - ▶ Birth or adoption of new baby or child
 - ▶ Foster care parenting
 - ▶ The policy could apply to any combination of parents, for the Mother, Father, or both.
 - ▶ Victims of domestic abuse
 - ▶ Those employers currently subject to the U.S. Family and Medical Leave Act (FMLA) would make this paid leave available utilizing the same FMLA criteria with which they already comply for unpaid leave. For those employers not currently subject to FMLA, they would refer to the Federal FMLA guidelines for procedures governing leave.

Benefits Employee and Employer

- ▶ A worker can take up to 8 weeks of leave in a 52-week period
- ▶ The qualifying employee could use their LSA for any expense appropriate to the reason for their leave.
 - ▶ Wage replacement
 - ▶ Outstanding medical expenses
 - ▶ Any expense contributable to the reason for their Family Leave
- ▶ If an employer with more than 25 employees chooses to participate in this program they **must** maintain the position for the full duration of this leave (8 weeks or less).
- ▶ Businesses can use this benefit as an incentive for employment
- ▶ The department of Health Care Policy and Financing will create a form to be completed by the employee, signed by employer and submitted to the Department of Revenue

Summary

HB 20-1193 is completely optional

It benefits employees and employers alike

Summary

Senator Winter's bill supports the National Progressive Agenda without considering the impact on our state
It is anti business which means, ultimately, it will be anti employee

This bill is a free-market solution to the needs of both employees and employers of Colorado
It is pro-business and pro-employee

HB20-1193

In Finance Committee on
February 24, 2020
1:30 PM
Room 0112 basement of
Capitol

**ARE YOU READY
TO TESTIFY?**

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