



e-Alert – Arizona Releases Final Paid Sick Time Rules

Background

Paid sick time in Arizona began on July 1, 2017, but many employers voiced questions about how to comply with the new law. The Industrial Commission of Arizona (ICA) issued Notices of Supplemental Proposed Rulemaking and, in October, released [final rules](#) on the Fair Wages and Healthy Families Act. Employers may also reference the ICA’s original [FAQs](#) for additional clarification of the act.

Notable changes

The most significant changes resolved questions relating to frontloading of paid sick leave, and carryover. Under the new rules, employees hired midyear may be frontloaded an amount of paid sick leave that “meets or exceeds the employer’s reasonable projection of the amount of earned paid sick time the employee would have accrued from the date of hire through the end of the year.” If the amount falls short, the employer must grant additional paid sick leave to make up the difference. Additionally, for those employers who select the frontloading method, the carryover of unused time at the end of the year is not required. Carryover is required at different limits, depending on company size, for employers who choose the accrual method of earning paid sick leave. Employers may choose to pay out unused sick time in lieu of a carryover.

Another notable change creates an exemption from posting requirements for small employers (less than \$500,000 in gross annual revenue.)

The final rules also include guidance for recordkeeping. Employers are required to keep the following records for each employee for four years:

- The amount of earned paid sick time available to the employee
- The amount of earned paid sick time taken by the employee to date in the year
- The amount of pay the employee has received as earned paid sick time; and
- The employee’s earned paid sick time balance.

Next steps for employers

Review your organization’s leave and attendance policies to determine if you need to make changes to maintain compliance with the new rules. Please [contact us](#) with questions.

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