



## **e-Alert: Proposed Regulations Released for Massachusetts Paid Family and Medical Leave Law**

### **Background**

Beginning in 2021, nearly all Massachusetts employees will be entitled to receive up to 12 weeks of paid family leave to care for a family member or to bond with a new child, and up to 20 weeks of paid medical leave for their own serious health condition. On January 23, the newly created Massachusetts Department of Family and Medical Leave (the Department) released draft regulations for the new Massachusetts Paid Family and Medical Leave (PFML) law.

The law will require all private Massachusetts employers to provide covered individuals with paid family and medical leave funded through a payroll tax. In addition to the draft regulations, the Department also provided information on the amounts employers must contribute into the Trust Fund that will finance these paid leaves. Before finalizing the regulations, the Department will hold listening sessions throughout the state.

### **Highlights of draft regulations**

- **Employer and employee contribution:** To finance this paid leave benefit, starting on July 1, 2019, Massachusetts will collect contributions from employers, employees, and the self-employed at an initial rate of 0.63% of wages (the “Initial Contribution Rate”), which will be paid into the Family and Employment Security Trust Fund.
- **Mandatory quarterly filings:** All employers will be required to file a quarterly report through the Department of Revenue’s Mass TaxConnect system. This report will allow the Department of Family and Medical Leave to calculate the total quarterly contribution owed by each employer.
- **Employee count:** Employers averaging fewer than 25 employees are exempt from paying the employer share of the contributions. The average number of employees will be determined by counting all full-time, part-time, seasonal, and temporary employees on the payroll during each pay period and dividing that figure by the number of pay periods in the previous calendar year. Employers using contract workers that are reported on a Form 1099 must also include those individuals in the employee count.
- **Contribution rates:** The proposed regulations do not address how the quarterly contributions will be divided between the medical leave and family leave components of the new law.
- **Private plan exemption:** Employers with a private plan may apply to be exempted from the medical coverage, leave coverage, or both. Employers will need to submit an application to the Department, which will decide whether the employer meets the exemption requirements.

### **Employer next steps**

- 1.) Final regulations are due to be released by March 31, 2019; HR Knowledge will continue to monitor updates and provide guidance to employers as they review and update their leave policies to comply with the new law.
- 2.) The Department has scheduled public listening sessions on the draft regulations throughout the state, which employers are strongly encouraged to attend.
- 3.) While employees will not be able to apply for and receive paid leave under the new law until



January 2021, employers will have to begin paying the applicable payroll tax as of July 1, 2019.

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