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Timely, topical insights on a variety of payroll and reporting issues.



## Pittsburgh, Pennsylvania, Announces Paid Sick Leave Effective Date

On July 17, 2019, Pennsylvania Supreme Court held that the City of Pittsburgh's Paid Sick Days Act (PSDA) has the authority to require businesses to provide paid sick leave to its employees. The 4-3 majority in its opinion stated that the ordinance was a valid exercise of the city's "express statutory authority to legislate in furtherance of disease control and prevention."

### New Effective Date:

**Pittsburgh has announced that the effective date of the city's paid sick leave ordinance is now March 15, 2020. On December 16, 2019, the city also released Guidelines for Administering Pittsburgh City Code Chapter 626, "Paid Sick Days Act." That publication may be accessed at the link provided below.**

[https://apps.pittsburghpa.gov/redtail/images/8015\\_Guidelines\\_for\\_Paid\\_Sick\\_Days\\_Act.docx\\_FINAL\\_12-16-19.pdf](https://apps.pittsburghpa.gov/redtail/images/8015_Guidelines_for_Paid_Sick_Days_Act.docx_FINAL_12-16-19.pdf)

### Background:

In 2015, the Pittsburgh City Council enacted an ordinance that requires virtually all employers within Pittsburgh's city limits to provide paid sick leave. However, on December 21, 2015, Allegheny County Common Pleas Court Judge Joseph James struck down the city's Paid Sick Leave Ordinance. Judge James in his opinion stated as follows: "The home rule charter and optional plans law limits the power of the city to those expressly provided statutes enabled by the Legislature." James added, "Absent that statutory authority, the city cannot enact this type of ordinance. For these reasons, the plaintiffs' motion for judgement on the pleading is granted."

The city appealed the ruling, which an appellate court affirmed on May 17, 2017. The city again appealed to the State Supreme Court, which ruled in the favor of Pittsburgh on July 17, 2019.

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## Caution:

Although Pittsburgh has prevailed in court on the matter, there has been an ongoing effort in the Pennsylvania legislature to stop local governments from passing labor law policies regarding private businesses.

House Bill 331 has been introduced in the 2019-2020 Regular Legislative Session which states in part as follows:

Regulation or enforcement prohibited. – Notwithstanding any other law to the contrary, a municipality may not in any manner regulate employer policies or practices or enforce any mandate regarding employer policies or practices.

The same legislation, as House Bill 861, was introduced in 2017 – 2018 but was not enacted into law. The current bill (House Bill 331) was referred to the Labor and Industry Committee of the House on February 1, 2019. **It is important to note that as of January 16, 2020, no further action has taken place regarding this legislation.**

ADP® will continue to monitor the progress of House Bill 861 and will report any developments.

Highlights of the PSDA may be found below.

## Covered Employees and Employers

The PSDA Ordinance applies to all full-time and part-time employees working in the city of Pittsburgh. Any employer located or conducting business in Pittsburgh, and who employs one or more people in exchange for compensation, will be required to provide paid sick leave. Independent contractors, state and federal employees, any member of a construction union covered by a collective bargaining agreement, and seasonal employees who are notified in writing when they are hired that they will work no more than 16 weeks during the calendar year are excluded from the Ordinance.

## Accrual and Caps

Under the Ordinance, employees will accrue one hour of paid sick time for every 35 hours worked (including overtime hours) in Pittsburgh, unless the employer provides for a faster accrual rate. Employees who are exempt from overtime requirements under the federal Fair Labor Standards Act will accrue paid sick time based on either the employee's normal workweek or a 40-hour workweek, whichever is less.

The accrual of paid sick time is subject to the following caps:

- Employers with 15 or more employees must permit employees to accrue 40 hours of paid sick time per year; and
- Employers with fewer than 15 employees must permit employees to accrue 24 hours of paid sick time per year.

Of important note for employers with fewer than 15 employees, employers are only required to provide unpaid sick leave for the first year after the effective date of the Ordinance. Unpaid leave will accrue at the same rate of one hour for every 35 hours of work in Pittsburgh.

## Sick Leave Uses

Employees may use accrued paid sick time for any of the following reasons:

- An employee's own mental or physical illness, injury, or health condition, including diagnostic treatment and preventative medical care;
- Care of a family member with a mental or physical illness, injury, or health condition, including diagnostic treatment and preventative medical care;
- Closure of the employee's place of business, by order of a public official, due to a public health emergency;
- An employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency; and/or

- An employee's need to care for a family member when it has been determined by health-care authorities or providers that the family member's presence in the community would jeopardize the health of others, because of the family member's exposure to a communicable disease.

### **Employee Notice and Documentation**

- Paid sick time must be provided upon an employee's oral request.
- An employer may maintain a reasonable notification policy that dictates how long before a shift begins that employees must make their oral request.
- If the need to use sick time is unforeseeable, an employee must make a "good-faith effort" to provide the employer with notice as soon as possible.
- If an employee's need for paid sick time is foreseeable, such as a scheduled appointment with a health-care provider, employers may require "reasonable advance notice" of intent to use paid sick time (not to exceed seven days).
- Employers may require reasonable documentation of the reason for using sick time, only if an employee uses paid sick time for three or more consecutive days. In those instances, for personal or family medical treatment, a health-care professional's documentation is deemed reasonable. Employers cannot require that the documentation explain the precise nature of the illness.

### **Notice and Posting Requirements**

The Ordinance requires employers to provide written notice to employees of the employee's entitlement to paid sick time, the amount to which they are entitled, the terms under which leave can be used, the guarantee against retaliation, and the right to file a complaint regarding violations of the Ordinance. The Ordinance requires that the City Controller determine the mechanism by which employers may comply with these notice-and-posting requirements and to make available on the city of Pittsburgh's website all materials necessary for an employer to comply with the Ordinance.

### **Record Keeping**

Employers must maintain records, documenting the hours worked and sick time taken by employees, for a period of two years.

### **Existing Leave Policies**

Employers may continue to maintain other paid leave policies, such as vacation, sick, floating holidays, personal days or other paid time off (PTO), and satisfy the requirements of the Ordinance if those policies meet or exceed the accrual requirements of the Ordinance and allow employees to use the leave for the same purposes and under the same conditions as paid sick leave under the Ordinance. This same rule applies to leave provisions in collective bargaining agreements.



## Payroll

### Puerto Rico Announces Pension/Retirement Plan Contributions Limits for 2020

On December 28, 2019, the Puerto Rico Department of Treasury (Departamento de Hacienda) issued a circular letter (CC RI 19-17) with the applicable Pension Plan Contribution and Catch-up Limits beginning on or after January 1, 2020.

A summary of the 2020 pension/retirement plan contribution limits as compared to 2019 is as follows:

Note: Puerto Rico has limits for certain pension plans that are different from those set by federal code.

<b>Pension Plan Contribution Limits</b>		
<b>Category</b>	<b>2019 Limit</b>	<b>2020 Limit</b>
<b>Pension Plan Qualified Under PR IRC §1081.01 Only</b>		
Deferral Limit	\$15,000.00	\$15,000.00
"Age 50" Catch-Up Limit	\$1,500.00	\$1,500.00
Maximum Contribution Limit/Maximum Amount (=Deferral Limit + "Age 50" Catch Up Limit) to Be Reported on Form 499R-2/W-2PR in Box 15 (Contributions to CODA Plans)	\$16,500.00	\$16,500.00
Deferral Compensation Limit	\$225,000.00	\$230,000.00
Defined Compensation Plan Limit	\$56,000.00	\$57,000.00
<b>Pension Plan Qualified Under Both PR IRC §1081.01 and IRS §401(k)</b>		
Deferral Limit	\$19,000.00	\$19,500.00
"Age 50" Catch-Up Limit	\$1,500.00	\$1,500.00
Maximum Contribution Limit/Maximum Amount (=Deferral Limit + "Age 50" Catch-Up Limit) to Be Reported on Form 499R-2/W-2PR in Box 15 (Contributions to CODA Plans)	\$20,500.00	\$21,000.00
Deferral Compensation Limit	\$280,000.00	\$285,000.00
Defined Compensation Plan Limit	\$56,000.00	\$57,000.00
Highly Compensated Employee Earnings Limit	\$125,000.00	\$130,000.00
<b>Pension Plan Qualified Under IRS §401(k) For U.S. Federal Government Employees Working in Puerto Rico</b>		
Deferral Limit	\$19,000.00	\$19,500.00
"Age 50" Catch-Up Limit	\$6,000.00	\$6,500.00
Maximum Contribution Limit/Maximum Amount (=Deferral Limit + "Age 50" Catch-Up Limit) to Be Reported on U.S. Form W-2, Box 12, Code D (Elective Deferrals to a Section 401(k) Cash Or Deferred Arrangement)	\$25,000.00	\$26,000.00
Deferral Compensation Limit	\$280,000.00	\$285,000.00
Defined Compensation Plan Limit	\$56,000.00	\$57,000.00
Highly Compensated Employee Earnings Limit	\$125,000.00	\$130,000.00

## District of Columbia Increases Airport Worker Minimum Wage

On December 18, 2019, the Metropolitan Washington Airports Authority Board of Directors has approved a proposed resolution of the Ad Hoc Labor Committee of its Airport Workers Wage Policy that will increase the minimum wage rate for workers employed by airlines, concessionaires, and other businesses at Reagan National and Dulles International airports.

The current minimum wage is \$12.15 per hour and will increase as follows:

January 1, 2020	\$12.75
January 1, 2021	\$13.50
January 1, 2022	\$14.25
January 1, 2023	\$15.00

Additionally, the minimum wage increase will now cover workers of businesses preparing airline in-flight meals off airport premises, and fast food businesses within Dulles, as well as certain locations outside the airport terminal. Although both airports are located in Virginia, they are federally owned and operated by members of the Metropolitan Washington Airports Authority Board of Directors from the District of Columbia, Maryland and Virginia.

For a copy of the news release announcing the wage increase, click on the link provided below.

<https://www.mwaa.com/about/airports-authority-board-approves-adjusted-wage-policy>

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## Maine Announces Minimum Wage and Other Threshold Changes

The Maine Department of Labor (DOL) has issued a release detailing Maine minimum wage and other threshold changes that took effect on January 1, 2020.

- The state minimum wage increases from \$11.00 per hour to \$12.00 per hour for most workers.
- The cash minimum wage rate for tipped employers increases from \$5.50 per hour to \$6.00 per hour.
- The garnishment limit will also increase from \$440 per week to \$480 per week.
- The minimum salary level for an employee to qualify for exemption from overtime will increase from \$33,000 per year (\$634.62 per week) to \$36,000 per year (\$692.31 per week).

It is important to note the federal minimum salary for exemption from overtime will rise from \$23,660 to \$35,568 per year for a full-time worker. Therefore, Maine's salary threshold for exemption from overtime eligibility will be higher than the federal level.

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## New York to Prohibit Use of Tip Credit for Certain Industries

On December 31, 2019, Governor Andrew Cuomo announced an end of subminimum wages across miscellaneous industries statewide by the end of 2020. This action affects employees such as nail salon workers, hairdressers, aestheticians, car wash workers, valet parking attendants, door-persons, tow truck drivers, dog groomers and tour guides.

New York State law allows employers in certain industries to pay tipped employees below the state minimum wage only if the cash wage they are paid by the employer (referred to in this article as the "subminimum wage" or "cash wage") when combined with the average of tips received by employees calculated as an hourly rate equals or exceeds the state minimum wage.

In the miscellaneous industries, there is no single "cash wage" (or pre-tip wage) that employers are required to pay. Rather, each individual employer may calculate the amounts of tips, typically given to that employer's employees, and compare that amount to the "low" and "high" numbers in the table below. The employer then determines the required cash wage, based on whether the tips are below the "low" threshold, between the "low" and "high" thresholds, or above the "high" threshold.

## Minimum Wage Increase Schedule for Miscellaneous Industry Workers

MW = Minimum Wage / Cash = Cash Wage

### New York City

	<b>MW</b>	<b>Low</b>	<b>High</b>	<b>Cash (Low)</b>	<b>Cash (High)</b>
<b>12/31/19</b>	<b>\$15.00</b>	<b>\$2.25</b>	<b>\$3.65</b>	<b>\$12.75</b>	<b>\$11.35</b>
<b>12/31/20</b>					
<b>2021*</b>					

### Long Island and Westchester

	<b>MW</b>	<b>Low</b>	<b>High</b>	<b>Cash (Low)</b>	<b>Cash (High)</b>
<b>12/31/19</b>	<b>\$13.00</b>	<b>\$1.95</b>	<b>\$3.20</b>	<b>\$11.05</b>	<b>\$9.80</b>
<b>12/31/20</b>	<b>\$14.00</b>	<b>\$2.10</b>	<b>\$3.40</b>	<b>\$11.90</b>	<b>\$10.60</b>
<b>2021*</b>	<b>\$15.00</b>	<b>\$2.25</b>	<b>\$3.65</b>	<b>\$12.75</b>	<b>\$11.35</b>

### Remainder of New York

	<b>MW</b>	<b>Low</b>	<b>High</b>	<b>Cash (Low)</b>	<b>Cash (High)</b>
<b>12/31/19</b>	<b>\$11.80</b>	<b>\$1.75</b>	<b>\$2.90</b>	<b>\$10.05</b>	<b>\$8.90</b>
<b>12/31/20</b>	<b>\$12.50</b>	<b>\$1.90</b>	<b>\$3.05</b>	<b>\$10.60</b>	<b>\$9.45</b>
<b>2021*</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>

The revised schedule provides:

- On June 30, 2020, the difference between the minimum wage and current tip wages will be cut in half.
- On December 31, 2020, the tip wage will be completely eliminated and workers in these affected industries will be making the normal minimum wage.

## Minimum Wage Increase Schedule for Miscellaneous Industry Workers

MW = Minimum Wage / Cash = Cash Wage

### New York City

	<b>MW</b>	<b>Low</b>	<b>High</b>	<b>Cash (Low)</b>	<b>Cash (High)</b>
<b>12/31/19</b>	<b>\$15.00</b>	<b>\$2.25</b>	<b>\$3.65</b>	<b>\$12.75</b>	<b>\$11.35</b>
<b>6/30/20</b>	<b>\$15.00</b>	<b>\$1.15</b>	<b>\$1.85</b>	<b>\$13.85</b>	<b>\$13.15</b>
<b>12/31/20</b>	<b>\$15.00</b>	<b>N/A</b>	<b>N/A</b>	<b>\$15.00</b>	<b>\$15.00</b>

### Long Island and Westchester

	<b>MW</b>	<b>Low</b>	<b>High</b>	<b>Cash (Low)</b>	<b>Cash (High)</b>
<b>12/31/19</b>	<b>\$13.00</b>	<b>\$1.95</b>	<b>\$3.20</b>	<b>\$11.05</b>	<b>\$9.80</b>
<b>6/30/20</b>	<b>\$13.00</b>	<b>\$1.00</b>	<b>\$1.60</b>	<b>\$12.00</b>	<b>\$11.40</b>
<b>12/31/20</b>	<b>\$14.00</b>	<b>N/A</b>	<b>N/A</b>	<b>\$14.00</b>	<b>\$14.00</b>

### Remainder of New York

	<b>MW</b>	<b>Low</b>	<b>High</b>	<b>Cash (Low)</b>	<b>Cash (High)</b>
<b>12/31/19</b>	<b>\$11.80</b>	<b>\$1.75</b>	<b>\$2.90</b>	<b>\$10.05</b>	<b>\$8.90</b>
<b>6/30/20</b>	<b>\$11.80</b>	<b>\$0.90</b>	<b>\$1.45</b>	<b>\$10.90</b>	<b>\$10.35</b>
<b>12/31/20</b>	<b>\$12.50</b>	<b>N/A</b>	<b>N/A</b>	<b>\$12.50</b>	<b>\$12.50</b>

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## ADP Compliance Resources

ADP maintains a staff of dedicated professionals who carefully monitor federal and state legislative and regulatory measures affecting employment-related human resource, payroll, tax and benefits administration, and help ensure that ADP systems are updated as relevant laws evolve. For the latest on how federal and state tax law changes may impact your business, visit the *ADP Eye on Washington* Web page located at [www.adp.com/regulatorynews](http://www.adp.com/regulatorynews).

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