

**Testimony of Vincent Orange
President & CEO, DC Chamber of Commerce
Before the Committee of the Whole on October 10, 2017**

on

Bill 22-130, the “Paid Leave Compensation Act of 2017,” Bill 22-133, the “Universal Paid Leave Compensation for Workers Amendment Act of 2017,” Bill 22-302, the “Large Employer Paid-Leave Compensation Act of 2017,” Bill 22-325, the “Universal Paid Leave Amendment Act of 2017,” and Bill 22-334, the “Universal Paid Leave Pay Structure Amendment Act of 2017.”

Good morning Chairman Mendelson, and members of the DC Council. My name is Vincent Orange, President and Chief Executive Officer of the DC Chamber of Commerce-the voice of business.

The “Universal Paid Leave Amendment Act of 2016” established a District-run paid leave program for individuals employed in the District, and provides for eight weeks of parental leave, six weeks of family leave, and two weeks of medical leave. The DC Chamber does not object to the paid leave benefits.

However, we do object to the funding of the paid leave benefits by imposing a 0.62 percent tax on the business community generating annually nearly \$250 million of tax revenue of which nearly \$160 million will fund paid leave benefits for non-residents of the District of Columbia at the expense of dc business taxpayers. In addition, D.C. residents employed outside the District are excluded from receiving the paid leave benefits.

After reviewing the five new paid leave bills, and hosting a dialogue on paid leave and the DC Home Rule Charter before an audience of one hundred individuals with Councilmember Mary Cheh, DC Attorney General Karl Racine, and DC Appleseed Executive Director Walter Smith; and further discussions with the DC Chamber’s Board of Directors, business stakeholders, consultants, and think tanks, the DC Chamber offers, today, an approach which can lead to a more balanced funding model that will provide the necessary dollars to support the paid leave benefits.

The DC Chamber requests that the committee of the whole consider marking up legislation that requires large employers (using definition in B22-334), those with employees of one hundred or more, to self-administer the paid leave program and provide the paid leave benefits to their employees while paying 0.15 percent of their employees wages or \$33 million dollars to assist in operating the District-run program.

Employers with less than one hundred employees will be required to be in the District-run program and pay 0.15 percent of their employee wages or \$28 million to assist in operating the District-run program. Using the cost sharing model from B22-325, the employees of these small firms would be required to pay 0.4 percent fee of their wages or \$73 million to support operating the District-run program, and ensuring its financial sufficiency.

Thus, this approach would produce the necessary \$131 million needed to operate this paid leave program where large employers self-administer, small employers are in the District-run program, and employees, residents and non-residents, pay a fee for the paid leave benefits.

This proposal is predicated upon a “fee for a benefit”. This is a benefit provided to a specific population of District residents and non-residents employed in DC. This is a very important distinction that leads to this proposal being considered a “fee for a benefit”, and not a tax. If this benefit was offered to all employees working in the District, it would be considered a tax. However, since federal government employees, dc government employees, and dc residents employed outside of the District are not eligible for the paid leave benefits, the proposal set forth here today would be considered a “fee for a benefit”. But for the fee one would not receive the paid leave benefits.

This proposal is clear, concise, and can be scored by the independent Chief Financial Officer because it provides a distinct framework to establish funding with certainty.

The take-away from my testimony here today are four points:

- I. Mark up a proposal where large employers pay 0.15 percent of their employee wages or \$33 million, and are required to self-administer the paid leave program, and are required to offer its employees the eight, six and two weeks of paid leave benefits.
- li. Mark up a proposal where employers with less than 100 employees pay 0.15 percent of their employees wages or \$28 million and are required to participate in the District-run program.
- lii. Mark up a proposal where employees, those District residents and non-residents alike, pay 0.4 percent of their wages or \$73 million for paid leave benefits.
- iv. This proposal generates in total \$134 million dollars annually, to operate, the District-run program, costing \$131 million on an annual basis.

This framework presented here today is more balanced, fair and provides for more certainty in funding and securing a positive fiscal impact review.

In closing, the DC Chamber is not opposed to ensuring employees have benefits to care for themselves and time off to care for ill family members.

However, the DC Chamber favors a paid leave program where beneficiaries of the benefits participate by paying a fee to receive the paid leave benefits which is like the operations of paid leave programs in California, New York, and new Jersey. The DC business community must not be saddled with the entire cost of the paid leave

program. The District of Columbia is unique in that it cannot tax at source. Thus, non-DC residents cannot be taxed. However, District residents and non-residents can be charged a fee for a benefit.

Thank you very much for allowing me the opportunity to testify. I am available for any questions you may have.