

## Legislation Text

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April 3, 2013

**To The President and Members of  
The Council of the City of Philadelphia:**

For the reasons described below, I am returning herewith to your Honorable Body as disapproved Bill No. 130004, which was passed by Council at its session on March 14, 2013.

Bill 130004, also known as the paid sick leave bill, mandates specific requirements and regulations for employers with more than five employees to provide and keep record of paid sick leave for employees. Paid sick leave for employees is a laudable goal and I recognize the effort Councilman Greenlee has put forth to build support for this legislation. However the strategy suggested in this legislation would likely result in significant losses of job opportunities for the very workers the bill is intended to help. Furthermore, imposing mandatory paid sick leave at a Municipal level as opposed to a State or National level would hurt Philadelphia's ability to compete in the regional and global marketplace.

The impact of this bill would harm our ability to attract new businesses to the city when we - in partnership with City Council - are making efforts to make it easier to do business and create jobs in Philadelphia at a time of great economic uncertainty. Between 2000 and 2012 the total number of jobs in Philadelphia decreased by about 3% or 19,800 jobs. Philadelphia's unemployment rate for December 2012 was 10.6%, which was 2.8% percentage points higher than the national rate and 2.7% percentage points higher than the unemployment rate in Pennsylvania. While we work to reverse these trends we must not create additional barriers to job creation in Philadelphia.

Earlier this year, the Mayor's Jobs Commission released a report with 15 recommendations for job-creation, a number of which call for creating incentives for, and reducing the burdens on, businesses in Philadelphia. Small businesses, which would be particularly impacted by this bill, were highlighted as a catalyst for new job-creation. A quote within the Jobs Commission report highlights the very reason that I cannot support this bill: *"As small businesses grow in prominence as job creators, it is all the more important for the City to be perceived as a location of choice for small businesses. City decisions about taxes, regulation, infrastructure, and services can go a long way towards creating either a thriving or a debilitating environment for small businesses, either helping or hurting their ability to create and retain jobs for City residents."*

Owners of small and medium-sized companies have overwhelmingly voiced concern regarding the impact of passing this bill and have expressed that they might have to reduce the pay of their employees, or reduce jobs, to cover the costs of paying replacement workers, as well as the expenses of implementing the administrative record-keeping requirements of the bill. The Department of Commerce received many letters and phone calls from businesses who have explained how the bill could jeopardize the very existence of their business. Opposition to the bill has not only come from businesses that do not currently offer paid sick leave, but also

from many businesses who already do offer generous sick or vacation benefits, but would still be adversely impacted by the additional requirements of the bill.

For example, the owner of a business providing 23 jobs explained that a clause in the bill prohibiting her from requiring her employees to find a replacement when they are sick - even while being paid for that time - would go against a business model that has been working successfully for many businesses, including hers. This business owner was in favor of paying her employees while they are sick, but said that she cannot do so under regulations that would put her business at risk. Another business owner expressed that she would have to eliminate the paid vacation time that she currently offers to her employees in order to absorb the increased cost of offering paid sick time. Many business owners also expressed concern regarding the bill's vague definition of a "family member" to include any "individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship." For these fore-mentioned reasons and many others not cited here, many businesses have voiced myriad concerns regarding this bill.

The burden businesses would face in meeting the requirements of this bill would deter job creation and decrease the competitiveness of our city at a time when we can ill afford it. At this time the most important goal of my Administration is to promote an economic environment that fosters job-creation, allowing Philadelphians to sustain themselves and their families. Therefore we cannot support passage of a measure that we believe puts current jobs at risk and creates new obstacles preventing employers from creating employment opportunities in Philadelphia.

For the above-mentioned reasons, I am returning to you disapproved Bill 130004.

Respectfully,  
Michael A. Nutter,  
Mayor