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Are You Ready? City of Santa Monica's Sick Leave Ordinance Becomes Effective January 1, 2017

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Are you sick of sick leave yet? Beginning on January 1, 2017, the new paid sick leave provisions under Santa Monica City's recently adopted Minimum Wage and Sick Leave law will go into effect. Since our <u>past article</u> first outlined key provisions of the law, the ordinance was amended later this year, and importantly moved the effective date from July 1, 2016, to January 1, 2017 for the sick leave provisions.



As of January 1, 2017, smaller employers with 25 or fewer employees are required to provide at least 32 hours of paid sick leave, and larger employers with 26 or more employees are required to provide at least 40 hours of paid sick leave. As of January 1, 2018, these numbers will jump to 40 hours and 72 hours, respectively, according to the amendments.

Here are the key highlights of the effective version of the Santa Monica sick leave provisions:

 Requires paid sick leave for employees who perform at least two hours of work per week within the City of Santa Monica and are entitled to payment of a minimum wage under the California Labor Code and wage orders published by the California Industrial Welfare Commission.

- Accrual rate is one hour for every 30 hours worked.
- Employers can cap accrual and limit the carryover of accrued sick leave annually (whether
 calendar year, fiscal year, or year of employment): 32 hours for small businesses, 40 hours
 for larger businesses for 2017. [Caution: Santa Monica permits lower accrual caps in 2017
 than the 48 hours or 6 days required under State law, although employers still must comply
 with State law.]
- No accrual or carryover is required if the full amount of leave required by the ordinance is provided at the beginning of each year (whether calendar year, fiscal year, or year of employment). [Thus, while State law permits a grant of 3 days or 24 hours, Santa Monica's ordinance requires the grant be at least 32 hours for smaller employers and 40 hours for larger employers in 2017; these numbers increase to 40 hours and 72 hours, respectively, in 2018.]
- Employers may prohibit use of sick leave until the 90th day of employment.
- Employers are not required to pay out unused paid sick leave upon an employee's termination, resignation, retirement, or other separation from employment, as long as the sick leave is offered separately from any paid time off or vacation plan.

For links to Santa Monica's new law itself, further details, fact sheets, charts, legal notices, and other information, visit <u>Santa Monica's Minimum Wage and Sick Leave Website</u>. All employers operating in Santa Monica should carefully review their policies and practices related to paid sick leave.

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