

EMPLOYMENT LAW



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Paid Sick Leave Starting Soon in Missouri

As we previously reported in our <u>Client Alert dated November 8, 2024</u>, Missouri's Earned Paid Sick Time law will officially take effect on May 1, 2025. This law was approved by Missouri voters via ballot initiative, Proposition A, on November 5, 2024. Once this law is in effect, all covered employers will be required to provide paid sick leave to eligible employees.

Currently, the law is facing two legal challenges. A pending lawsuit challenges the constitutionality of the law. Also, there is a legislative bill that, if passed, would eliminate the paid sick leave requirements in the new law. As of the date of this client alert, however, neither of these challenges has yet been resolved. As such, the law is still set to go into effect on May 1, 2025, and employers should prepare to comply, including by providing the written notice due on April 15, 2025, as outlined below.

How much paid sick leave do employers have to provide?

It depends on the number of employees that the employer has in Missouri. Employers with fewer than 15 employees in Missouri must provide up to 40 hours of paid sick leave each year, and employers with 15 or more employees in Missouri must provide up to 56 hours of paid sick leave per year.

- Does "year" mean calendar year? Not necessarily. A "year" for purposes of Missouri's paid sick leave law is "any regular and consecutive 12-month period the employer chooses." So, there is some flexibility for employers to select their preferred period. For example, an employer may choose their earned paid sick leave benefit year to run from January 1 to December 31, consistent with the calendar year, or from October 1 to September 30, to mirror the federal fiscal year, or any other 12-month period, so long as the 12-month period chosen is regular and consecutive.
- How does paid sick leave accrue? Employees will earn one hour of paid sick leave for every 30 hours worked. For exempt (salaried) employees, the general presumption is that they work 40 hours each workweek.
- Can I require employees to use their paid sick leave in the same year it is earned and tell them they will lose all unused leave at year's end? No, employers cannot impose a blanket "use it or lose it" sick leave policy in Missouri (or in most states, actually). Instead, you must allow employees to carry over up to 80 hours of unused sick leave to the following year. The only exception to this is if you pay out the unused sick leave at the end of the year. The bottom line is, you cannot simply take away earned sick leave if employees do not use it all within the same year. Either pay unused paid sick leave out at year's end or allow up to 80 hours to carry over into the next year.
- Can I limit annual <u>use</u> of paid sick leave by employees? Yes! Employers may limit annual usage to 40 or 56 hours depending on the employer's size.



• Do I need to provide an <u>additional</u> paid sick leave policy to my employees if my company's PTO policy meets Missouri's requirements? No, if your existing PTO policy fully meets or exceeds the minimum requirements of Missouri's paid sick leave law, you do *not* have to provide an additional policy. Note, however, that this compliance analysis may be tricky due to the very specific requirements in Missouri's paid sick leave law. For that reason, to mitigate risk, we advise consulting with an attorney to determine whether your PTO policy is compliant.

In what situations can employees use sick leave?

In Missouri, paid sick leave may be used for an employee's illness, injury, medical treatment or care of a family member, as well as for closures caused by a public health emergency. The law also provides safe leave for employees (or employee's family member) who are victims of domestic violence or sexual assault.

Which employers are covered by Missouri's new sick leave law?

The law covers most employers except the federal or state government. The law also excludes several categories, including but not limited to casual babysitters, incarcerated workers, volunteers, and retail or services businesses with annual sales less than \$5,000.

Is there anything else employers should know to prepare for May 1, 2025?

Employers should make sure they provide *both* required forms of notice to employees regarding the new sick leave law by or before April 15, 2025. By that date, employers must provide a written notice and display a poster in a conspicuous location for their employees to read. A free <u>workplace poster</u> and <u>sample written notice</u> are available through the Missouri Department of Labor and Industrial Relations to assist employers with compliance.

If an employee uses paid sick leave for three or more consecutive workdays, employers may request reasonable documentation to verify the employee's use of leave. Relatedly, all documentation relating to sick leave use by employees must be retained for three years.

Finally, employers should be advised that Missouri imposes a criminal penalty for failure to comply with the provisions of its new sick leave law. Specifically, pursuant to RSMo § 290.624, an employer's "willful" failure to comply with the substantive portions of the sick leave statute constitutes a class C misdemeanor, and each day an employer is in violation constitutes a separate offense; however, a "willful" violation of the notice and posting requirements constitutes an infraction.

This client alert does not address every facet of Missouri's new paid sick leave law, and there are many other details and compliance requirements that must be followed. As such, if you would like to discuss a review of your sick leave or PTO policies to ensure compliance with Missouri's new law before it goes into effect, please contact your Kutak Rock attorney or any of the attorneys in the firm's National Employment Law Group, and we would be happy to discuss this with you. You may also visit us at www.kutakrock.com.

