



Office of
Representative Hannah E. Kane
Commonwealth of Massachusetts

For Immediate Release

Contact: Jessica Beliveau, 617-722-2810

Jessica.Beliveau@mahouse.gov

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Legislature approves three-month delay in Paid Family and Medical Leave payroll tax

BOSTON – The House and Senate have agreed to a three-month delay in the implementation of a new payroll tax that will be used to fund the state’s Paid Family and Medical Leave program.

Both legislative branches approved moving the effective date of the payroll tax from July 1 to October 1, following calls from legislators, advocates and business groups to give employers and workers more time to understand their rights and responsibilities under the new law. Governor Baker signed the extension into law yesterday evening.

The delay comes just one week after State Representative Hannah Kane, R-Shrewsbury, joined 51 other legislators in signing a bipartisan letter to Senate President Karen Spilka and House Speaker Robert DeLeo urging leadership to hold off on assessing the payroll tax. The letter noted the delay is needed so “the millions of employees and tens of thousands of employers who will be expected to abide by this law” will have more time to fully understand how it will work.

“We fear that maintaining the July 1, 2019 launch date will result in an incomplete and unsuccessful launch of the program, an unfair proposition to those who have worked so hard to this point, and to millions of MA residents,” the legislators wrote. “It is our belief that a three-month delay, rather than weakening or undercutting the law and its intentions, will strengthen it and ensure a smooth rollout with broad adoption by all impacted.”

Established as part of the 2018 “Grand Bargain” law, the Paid Family and Medical Leave program will allow employees in Massachusetts to take extended time off from their job, with pay, to deal with a personal medical issue, to care for a family member, or to bond with a new child after birth, adoption or foster care placement. The new law applies to all employers in Massachusetts, regardless of the size of the company or the number of employees.

Although the paid leave benefit will not become available until 2021, the law requires the newly-created Department of Family and Medical Leave (DFML) to begin collecting a payroll tax from employers on July 1. Representative Kane said moving the payroll tax implementation date to October 1 will provide additional time to educate the public about the new law, while also helping employers to identify comparable private family and medical leave insurance plans for their workers.

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