

INDEPENDENT BUSINESS ASSOCIATION

16541 Redmond Way NE #336C
Redmond, WA 98052

SMALL BUSINESS REPORT SMALL BUSINESS REPORT SMALL

IBA SMALL BUSINESS REPORT - November 11, 2016 IBA Small Business Election Special

Election Results And YOU	Page 1
President	Page 1
Congress	Page 1
Governor	Page 1
State Legislators	Page 1
Washington State Supreme Court	Page 1
Other State Officials	Pages 1 - 2
Ballot Issues	Pages 2 - 3
New Overtime Rule Dec. 1st	Page 3
Health Insurance Open Enrollment - What You Need To Know	Page 3
Small Business Group Health Insurance	Page 4
How Do You Want To Shop For Health Care	Page 5
“As Obamacare Flatlines”	Page 5
Small Business Saturday—Use It	Page 5
Citizens Have Very High Regard For Small Business—Use It	Page 6
Seattle’s New Secured Scheduling Law	Page 6
Passing of Key Senator	Page 7
Small Business Directive	Page 7

NOTICE: The information contained in the publication is intended to alert the reader to issues, laws, regulations and events which may affect the operations of a small business. The information is presented in a summary form and is not intended to assure compliance with laws or regulations which may apply to any specific business. The information is not intended as legal advice. The reader is advised to seek the advice of a qualified attorney, accountant or other advisor to obtain specific compliance advice with respect to the laws, regulations or other issues which may apply to a specific business.

Copyright 2016 by Independent Business Association



IBA SMALL BUSINESS REPORT



November 11, 2016

2016 IBA Small Business Election Results Special

Election Results And YOU!

The November 2016 election will affect you significantly for the next four years. 73% of Washington voters voted. Following is a summary of our thoughts and comments about how the election will affect you. For a more detailed report via the Internet, go to: www.ibaw.net/2016electionresults.pdf

President Trump Donald Trump won and shocked the world. No one thought he would win, except Mr. Trump. His campaign team ran an amazing campaign. So he goes from business mogul to world leader. He has announced an aggressive agenda that requires the approval of Congress to implement most of it. Moving from CEO to President is a giant leap and requires much different skills. We must all hope he makes this leap successfully. Unlike a CEO who can order an action and have it done, he must now negotiate with the Congress to accomplish his agenda. We in small business may well benefit from his repealing many recent President Obama Executive Orders that have resulted in new and costly regulations. Repealing and replacing Obamacare will be very challenging as explained in our Congress section. Finding a replacement that works will be extremely difficult. You can view Mr. Trump's plans to change the USA government via the Internet at www.greatagain.gov We'll also keep you informed.

Congress The U.S. House of Representatives retains its Republican majority while the U.S. Senate has a small Republican majority. There will likely be 3 different Republican factions in the U.S. House of Representatives which may mean no working majority due to disagreements between the three factions. The three factions are: Mainline Republicans, extremely Conservative Republicans aka the Tea Party Republicans, and the Trump Republicans who supported Trump and who may disagree with the other two factions. The Senate cannot pass major legislation, like repealing Obamacare without 8 Democrat votes under current U.S. Senate Rules. The U.S. Senate Rules cannot be changed without a 2/3s vote of the Senate that also require Democrat votes. Time will tell if we have a functional Congress.

Federal Bureaucrats Expect many new federal bureaucrats in the Trump Administration. President Elect Trump will start with replacing most department heads with new, more business friendly leaders and that will filter down through the agencies. Don't expect immediate changes in how these agencies work with businesses as it will take time to implement this significant culture change. Small businesses can look forward to more business friendly federal agencies down the road.

Governor Inslee Expect more of the same from Governor Inslee. Despite what he said during the campaign, expect him to be quietly pushing for higher state taxes and to continue his push for reducing greenhouse gas

emissions to fight global warming by imposing a new carbon tax or a new low-carbon fuels both of which will increase your cost of gasoline and diesel if approved.

The Washington State Legislature With a Democrat defeating a current Republican Senator, the WA State Legislature will likely continue to have a majority caucus (one Democrat and 24 Republicans) in the Washington State Senate. The 2017 WA State Senate will control the agenda for the next several years. Two more Democrats were elected to the House of Representatives, the House majority Democrats will be 52/48 and will continue pushing for higher taxes and new anti-business laws.

State Bureaucrats Expect most of the same state bureaucrats that we have now to stay in place in the Inslee administration. Also expect them to continue their rule writing like they have for the past four years. IBA does its best to review the 300+ new rules proposed by state agencies each month, advises you of what they are proposing, and urging you to submit comments.

Washington State Supreme Court

The court will continue with its cur-

MEMBER ASSISTANCE

425-453-8621

www.ibamember.com

rent justices who have a progressive leaning. This will make it harder to resolve the McCleary public school funding issue and result in more questionable decisions from the Court affecting small businesses.

Oher State Offices

- Our new **State Auditor** is **Pat McCarthy**. She has been Pierce County Executive and the Pierce County Auditor before that.
- The new **Superintendent of Public Instruction** **race is too close to call**. Whoever wins will be right in the middle of the legislative work on the court-ordered full funding of public education.
- Voters re-elected **Kim Wyman** as our state's **Secretary of State**. She will continue the excellent job she has been doing for the past four years.
- Voters re-elected **Attorney General Bob Ferguson**.
- Voters re-elected **Insurance Commissioner Mike Kreidler**.
- Our new **Lieutenant Governor** is **Cyrus Habib**. Mr. Habib has been a Senator and will preside over the state Senate as well as fill in for Governor Inslee when Governor Inslee is out of state. Habib will also engage in other activities he so chooses.

Ballot Measures

I-1433 – Increasing the State's Minimum Wage and Requiring Paid Sick Leave I-1433 passed by a strong 60% vote. The Washington State minimum wage will increase to \$11/hr. on 1/1/2017, an increase of \$1.53/hr. (16% increase) over the

2016 state minimum wage, and continues to step up to \$11.50 in 2018, \$12.00 in 2019, and \$13.50 in 2020. **Expect many workers being paid above the minimum wage to seek pay increased based upon this vote.** I-1433 also directs the Department of Labor and Industries to develop rules to implement the new state required state paid sick leave law that was part of I-1433. IBA will be involved in this rule writing to protect you.

I-1464 Voters are currently rejecting I-1464 that would make significant reforms to the state's campaign financing laws and other laws dealing with lobbyists and state employees. But voters in King County are supporting I-1446 so the final outcome is yet unknown. The biggest impact of I 1464 is the new public financing of state legislative campaigns and potentially other state elected officials campaigns and also greatly limits other campaign contributions. It would allocate \$30 million per year in state funds to public campaign financing. It would adds new restrictions on certain campaign contributions.

I-1491 was approved by the voters to create two kinds of gun confiscation court orders. The first type of order is called an "extreme risk protection order." A member of the respondent's family or household or a person in a dating relationship can petition a superior court for an extreme risk protection order. The second type of order, called an "ex parte extreme risk protection order," would be more immediate. In some cases it would allow a hearing to be held without notice to the person for which the "extreme risk protection order" has been filed on. Approval of these petitions will result in confiscation of any guns from the person who is the petition's subject.

I-1501 was approved by voters and

adopts a highly deceitful new state law to stop groups from informing home health care workers they no longer need to pay union dues as determined by a landmark U.S. Supreme Court decision. While it was promoted as a measure to protect seniors and other vulnerable adults, that was never the intent to I-1501. The limited protections provided to seniors and vulnerable adults were used to mask the real intent of this self-serving union measure. This will impact small businesses by allowing unions to collect more dues to support pro-labor candidates for the Legislature and Congress. I-1501 is politics at its worst.

I-732 was rejected by 58% by voters. I-732 which would have increased gasoline and diesel fuel prices by putting a new carbon tax on oil and other fossil fuels. The new tax would have been offset by lowering other state taxes. The goal of I-732 was to make gasoline and diesel more costly and thus discourage citizens and businesses from buying gasoline and diesel. I-732 would have harmed small businesses that rely on vehicles or gasoline or diesel powered equipment to operate their business. The failure of I-732 is good news for small businesses.

I-735 was approved by voters. I 735 was a very curious effort to change the U.S. Constitution to restrict corporations from contributing to political campaigns. Real implementation of I-735 is highly unlikely.

SJR-8210 was approved by voters. SJR 8210 amends the state constitution to move the date for congressional redistricting in the state, one and one-half months earlier, to better facilitate Congressional elections. The passage of SJR 8210 has little to no effect on small businesses.

Advisory Vote-14 68% of voters voted to tell the Legislature to repeal

HB 2768. HB 2768 imposes a new insurance premium tax on dental health care plans and uses the tax proceeds to fund the offering of dental insurance plans by the Washington State Health Care Exchange (aka HealthPlan Finder). The legislature is unlikely to repeal HB 2768.

Advisory Vote-15 59% of voters voted to tell the Legislature to repeal HB 2778 that modifies the retail sales and use tax exemption for certain clean alternative fuel and electrically powered vehicles by increasing the tax exemption threshold from \$35,000 to a \$38,500 and will reduce state tax revenues by about \$3 million per year. The legislature is unlikely to repeal HB 2778.

New Overtime Rule Dec 1st

On December 1, 2016, the minimum salary level for the overtime exemption for a qualified salary worker increases from **\$455/week** or \$23,660/yr. to **\$913/week** (\$47,476/yr.). **IMPORTANT NOTE: This new rule is based on the salaried worker's weekly wage, not their annual wage. A qualified "salaried worker" must be paid \$913 or more every week to be exempt from overtime and to avoid extensive weekly work-hour recordkeeping.** IBA began advising you about this new overtime rule in June, 2016.

In order for a salaried employee to be exempt from overtime, the employee must meet three tests. Below are Internet links for each of these tests to help you understand what is required:

- **Salary Level Test** - www.ibaw.net/overtimeexempt.pdf
- **Salary Basis Test** - www.ibaw.net/overtimeexempt.pdf
- **Duties Test** -

www.ibaw.net/overtimeexempt.pdf

It is important for employers to understand that any salaried employee they deem exempt from overtime must meet all three of these tests.

For more information from IBA about how to comply with this new requirement via the Internet, go to:

www.ibaw.net/overtimeexempt.pdf

The Department also sets the total annual compensation requirement for an exempt Highly compensated Employee (HCE) equal to the annualized weekly earnings of the 90th percentile of full-time salaried workers nationally.

Highly Compensated Employees are defined as:

- a. An employee who earns total annual compensation that exceeds the US DOL required **weekly** wage (\$913 per week in 2016)
- b. The employee's primary duty includes performing office or non-manual work; and
- c. The employee customarily and regularly performs at least one of the exempt duties or responsibilities of an exempt executive, administrative or professional employee. See: www.ibaw.net/overtimeexempt.pdf

Health Insurance Open Enrollment Now Underway – What You Need To Know

Beginning on November 1, 2016 and ending on January 31, 2017 individuals can buy or change their health insurance coverage. This is a very important time for most USA citizens. It's called the **Health Care Open Enrollment Period**.

The health insurance plan you have today may or may no longer be offered in Washington State in 2017. This is the time to find out if you have to change or want to change your health care plan for 2017. It is important to start shopping now for the health care plan that best meets your needs because you must decide before January 31, 2017. Following is a summary of the number of health care plans available statewide through the state's www.wahealthplanfinder.org but not necessarily in every county:

- **Gold Plans** 21 plans, 9 insurers, 12 plans renewed, 9 new plans
- **Silver Plans** 47 plans, 9 insurers, 26 plans renewed, 21 new
- **Bronze Plans** 28 plans, 9 insurers, 15 plans renewed, 13 new
- **Catastrophic Plans** 2 plans, 2 insurers, 2 plans renewed

You can identify which plans are available in which Washington State counties via the Internet at:

www.ibaw.net/wahealthplans2017.pdf

Below are some critical things you, your family members, and your employees need to know about this Health Care Open Enrollment Period.

1. The **Open Enrollment Period** goes from November 1, 2016 to January 31, 2017. Unless you have a qualifying event (see 8 below) during 2017, you cannot enroll in any "qualified health plan" anytime other than the Open Enrollment Period.
2. The **Open Enrollment Period** applies to both health care plans available through the Washington State Health Insurance Exchange aka www.WAHealthPlanFinder.org and individual health care plans not offered through the Washington Health Insurance Exchange.
3. YOU can only get federal premium reductions if you buy your

individual health care plan through the Washington State Health Insurance Exchange aka www.WAHealthPlanFinder.org.

4. You may qualify for a significant premium reduction that is based on your income. Examples of premium reductions range from \$182/month if you earn \$20,000 in 2017 to \$1/month if you earn \$34,000 or less in 2017 for an individual, or \$713/month if your family earns \$20,000 in 2017 to \$418/month if your family earns \$47,000 or less in 2017 for a family of four (2 adults and 2 children). These are examples of savings; your savings will differ based on the ages of those being insured and your household income.
5. Before deciding on any health care plan, check to be sure your doctor(s) is/are included in the provider network covered by that plan as well as your preferred hospital(s).
6. There are many health care plans available to individuals that are not offered through the Washington Health Insurance Exchange. You must purchase a plan that is approved as a Qualified Health Plan (QHP) to avoid paying a federal income tax penalty. All plans available through the WA State Health Insurance Exchange, aka www.WAHealthPlanFinder.org are Qualified Health Plans (QHP).
7. To find a Qualified Health Care Plan **not** offered through the Washington Health Insurance Exchange, contact an insurance agent or broker. You can find them via the Internet.
8. If you are not covered by a Qualified Health Plan for at least 9 months in 2017, you will pay a

pro-rated tax penalty of 2.5% of your household income, or pay a flat dollar amount of more than \$695 per adult and \$347.50 per child up to \$2,085 per household, whichever was greater. The flat dollar amounts will be adjusted up in 2017 based on inflation.

9. **Qualifying Events** that allow an individual to purchase health care insurance outside the Open Enrollment Period are:

- Loss of health coverage in the past 60 days or in the next 60 days.
- A new marriage.
- A divorce that caused you to lose your health coverage.
- Birth of a child.
- Adoption of a child or having a foster child placed in your home.
- A death in your household.
- Living outside your current health plan's coverage area (e.g., if you moved to a new state).
- A change in household income.
- Becoming a U.S. citizen.
- A prolonged illness that required hospitalization.
- A temporary cognitive disability.
- An enrollment error made by an insurer, government entity, or insurance agent.
- Released from prison or detention.
- Suffered from a natural disaster.

Otherwise, you can buy a short term health care plan outside of the Open Enrollment Period even if you do not

have a qualifying event. The only health care plans available outside the Open Enrollment Period are health plans that are sold outside the Washington State Health Insurance Exchange aka WAHealthPlanFinder.org.

Plans available outside the Open Enrollment Period are generally much higher cost than when you buy a plan during the Open Enrollment Period and may not qualify to avoid the federal tax penalty for not having approved health care coverage.

Small Business Group Health Insurance 2017

Small businesses must decide if they will offer a small group health insurance plan to their employees during the **Open Enrollment Period** that runs from November 1, 2016 to January 31, 2017. The Washington State Health Insurance Exchange will have very limited small group health insurance options for 2017.

UnitedHealthCare was the only insurance company offering small group health insurance in all 39 Washington State counties in 2016. UnitedHealthCare will no longer offer small business group health insurance in Washington State in 2017. Only one insurer will be offering small group health insurance in Clark and Cowlitz counties in Washington State. They will offer: 11 Plans, 3 Gold, 5 Silver, 3 Bronze, All are Renewal Plans

There are other insurance companies offering small group health insurance in Washington State outside of the Washington State Health Insurance Exchange. IBA recommends that if you want to consider offering a small group health insurance plan to your employees that you contact your business insurance broker very soon for information on small group health in-

insurance plans that may be available in your area.

One of the challenges small business owners face is the employee participation rate in a small group health insurance plan. Federal law directs that a small business have at least 70% of its eligible employees covered by any small group health insurance plan or other acceptable plan (i.e. spouse's health insurance plan) the firm offers for the small group plan to be acceptable.

Time is critical here as your employees must have coverage under a Qualified Health Plan (QHP) for at least nine months in 2017 to avoid the prorated federal tax penalty of 2.5% of their household income, or pay a flat dollar amount of more than \$695 per adult and \$347.50 per child up to \$2,085 per household, whichever was greater. The flat dollar amounts will be adjusted up in 2017 based on inflation.

How Do You Want To Shop For Health Care?

Washington State officials want to know how you want to shop for health care insurance. IBA's Gary Smith is a member of the Small Business Health Options Programs aka (SHOP) Advisory Council for the Washington State Health Insurance Exchange. The Exchange is considering how best to offer health care insurance options to small businesses. The options they are considering are:

- Have small business owners shop for health insurance on-line via the Internet
- Have small business owners contact a licensed insurance broker to shop for health insurance

IBA has recommended that the Exchange focus on having small businesses owners contact a licensed insurance broker when shopping for small group health insurance. IBA explained that most small business owners shop for their business insurance (i.e. fire, property, vehicle, and liability insurance) by contacting a licensed insurance broker so the business owner and the broker can discuss what insurance protections the business owner wants from the wide variety of insurance plans available. IBA explained that most small business owners are not insurance experts so they need the input and advice of a licensed insurance broker to make an informed decision. IBA explained that buying insurance on-line is tedious and uncomfortable for most small business owners.

Do you agree or disagree with IBA's recommendation that small business owners prefer to meet with a licensed insurance broker when shopping for their health insurance? Please indicate whether you agree or disagree with IBA via the **IBA Small Business Directive** on page 7 of this Small Business Report. Thank you.

“As Obamacare Flat Lines”

“As Obamacare Flat Lines” was the newspaper headline IBA's Gary Smith saw on October 25th after the U.S. Department of Health and Human Services released its 2017 health care premium rates for healthcare.gov for the Affordable Care Act aka. Obamacare.

A 24% average increase in premiums across the nation, more in some states, less in others. Individuals in Phoenix, Arizona will see a 145% premium increase in 2017 as compared to 2016 for the second-lowest silver health

plan premium for a 40-year-old non-smoker insured by the Affordable Care Act, aka Obamacare. Wichita, Kansas, 46% increase in 2017. Minneapolis, Minn., 55% increase in 2017. Charlotte, NC, 40% increase in 2017. Philadelphia, PA., 51% increase in 2017. Seattle, WA, 8% average increase in 2017, but fewer insurers will be selling health insurance in Washington State.

IBA predicted in 2014 that the Affordable Care Act aka. Obamacare would fail in about 5 years. It is now falling apart. These are just more nails in the coffin.

Small Business Saturday - Use It!

Small Business Saturday is November 26, 2016. This is a great time for you to promote your business as a small business. The public has a very high regard for small businesses (see next Report). The news media will be covering Small Business Saturday. American Express and other entities will be promoting Small Business Saturday during mid-November. Take advantage of their promotion.

Many suppliers will help you promote Small Business Saturday. Contact them now and see what they are offering.

Contact your neighbor small businesses and see if they want to join you in promoting Small Business Saturday. Some examples are:

- Put up a Small Business Saturday poster in your window now to promote your Small Business Saturday savings and events
- A Small Business Saturday website for your area
- A “check-out stand” flyer about you and your neighbors

that offers Small Business Saturday savings/promotions

- Find a local grocery store that will let you “stuff” their bags with a Small Business Saturday flyer.
- Promoting Small Business Saturday on your firm’s social media.
- Consider offering a fun activity like an opportunity for children to write a letter to Santa and/or creating a wish list. A coloring contest and you post all of the entries at your business or in your window. A scavenger hunt among the businesses in your area participating with you in Small Business Saturday. Be creative.
- Consider offering free hot spiced cider and/or hot chocolate.
- Small Business Saturday isn't just about attracting new customers and clients. It's a great time to reward your existing customers and keep them coming back - and recommending you to others. One great way to do this is with an email or postcard that contains a special offer, like a benefit for referring a friend or a discount on booking future business. Don't feel like the offer has to be given that day - you can use it as a tool to build out your business for the next year.
- Email the editor of your local newspaper (do it this week or you'll be too late!) asking if there are doing any articles on local companies offering specials for Small Business Saturday and mention a special you will be offering (make it worthwhile, like 30% off today only). Even better if they will consider doing a separate article just on local businesses selling online. Can't hurt to put

the idea in their head!

- Send a Letter To The Editor of your local newspapers announcing and promoting Small Business Saturday. Do this at least a week before Small Business Saturday.
- Promote Small Business Saturday on your company’s social media
- Make sure you have claimed your profile on **Yelp, Google Places and Yahoo Local**. These listings are free and they help you to show up in local searches.

Citizens Have High Regard For Small Businesses - Use It!

Small businesses are highly regarded by USA citizens. Gallup, one of the most respected polling organizations, recently did a poll of US citizens to determine which “institutions” citizens have the highest regard for. The results are:

- Military 72%
- Small Business 67%**
- Police 52%
- Church/Religion 42%
- Medical Systems 37%
- Presidency 33%
- U.S. Supreme Court 32%
- Public Schools 31%
- Banks 28%
- Labor Unions 24%
- Newspaper news 24%
- Criminal Justice System 23%
- Television News 21%
- Big Business 21%
- Congress 8%

Seattle’s New Worker Secured Scheduling Law

The Seattle City Council and Mayor Murray adopted Seattle’s new Secured Scheduling Law on September 19, 2016. This new law will affect many retailers, fast food operations and full service restaurants. Expect this same type of law to be proposed to the 2017 state Legislature for Washington employers, statewide.

Notice and Disclaimer: The following is to alert the reader about a new law that may or may not affect their business. The following is a summary of some elements and requirements of this new law but is not a complete restatement of the new law. The following will not assure compliance with the new law. The following is not legal advice and the readers should not consider it as legal advice. The readers must contact a qualified attorney for details of the new law and for answers to questions about this new law and how it might affect their business.

Following are some of the highlights of the new 48 page Seattle Secured Scheduling ordinance:

Covered Businesses:

- Retail and food services establishments that employ 500 or more employees worldwide regardless of where those employees are employed, including but not limited to chains, integrated enterprises, or franchises associated with a franchisor or network of franchises that employ more than 500 employees in aggregate.
- Full service restaurants with 40 or more locations worldwide, including but not limited to locations that are part of a chain, integrated enterprise, or franchise where the franchisor owns or operates

40 or more such establishments worldwide.

- Employees working for covered firm located outside of Seattle when the physical location of such employment services are within the City of Seattle at least 50 percent of the time.
- **The new ordinance does not apply to most small businesses - other than franchise businesses in retailing or food service**

- Right for rest between work shifts
- Changes in work schedules
- Notice of work **shift** schedule changes
- Compensation for work shift changes
- Pattern or practice of under scheduling
- Access to hours for existing employees
- Notice and posting
- Employer records
- Retaliation prohibited
- Enforcement power and duties
- Violations
- Investigations
- Remedies
- Fines for Violations
- Private right of action

Other parts of the rules deal with:

- Annual employee schedule estimates
- 14 day advance employee work schedules
- Posting of work schedules 14 days in advance
- The right for worker input in scheduling

You can get more information and a copy of this new Seattle Secure Scheduling rule via the Internet at www.ibaw.net/seattleschedulelaw.pdf

Passing of Key Senator

Senator Andy Hill, a great person, passed away on October 28th from lung cancer. IBA's Gary Smith and Senator Hill were friends. Andy beat his lung cancer once, six years ago. After his recovery, he made the decision to focus on public service and ran for the state Senate. That's how great Andy Hill was, unselfish. Few would do that. Senator Hill became the Senate's key budget writer who led the way for no state tax increases, despite higher tax proposals from the Governor and the House of Representative. Andy convinced state lawmakers that the state could meet its funding needs within current taxes. He was right. His passing is a great loss to his family, Washington State taxpayers, and the State of Washington. Senator John Braun, Andy's vice chair, will likely continue his work. Rest in peace Andy.

YOUR Small Business Directive - please reply

Government officials have asked IBA to ask your position on the following issue. Click on the following link or go to the following Internet address to complete and send this IBA Small Business Directive via the Internet. www.ibaw.net/directive You can also email your completed directive to IBA at iba@isomedia.com - put in the subject line, "Shopping For Health Insurance" or fax it to IBA at: 425-358-3213

How do you prefer to shop for your firms health care insurance: On-line via the Internet Contact a licensed insurance broker to shop for health insurance

Please explain why you are taking the position you are taking, thank you. _____

Attach additional paper as needed or send IBA additional comments via email at iba@isomedia.com —put , "Shopping For Health Insurance" in the subject line

Please return your completed directive to IBA by email at iba@isomedia.com or fax it to 425-358-3213, or by mail to: IBA 16541 Redmond Way #336C, Redmond, WA 98052