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Marketplace Industry Association Sponsors California SB 1039 Protecting Independent Workers

California Legislature set to act on newly introduced legislation that creates a third classification of worker complete with legal benefits and protections

SACRAMENTO – California State Senator Cathleen Galgiani files SB 1039 “The Independent Worker Rights Act of 2020” to create a new, third classification of worker that guarantees legal benefits and protections for millions of California workers.

Over the last 50 years, we have seen a shift in the US workforce, with more than 57 million Americans, or 36% of the workforce, pursuing short-term, part-time work out of a desire for flexibility and freedom befitting their lifestyle and circumstances. Known as the freelance or ‘gig economy,’ this shift in labor includes independent contractors, freelancers and those seeking flexible work opportunities.

In California, more than two million workers seek these flexible work opportunities - the freedom to choose what they do, when they work, and how long they work - including family caregivers, students, seniors, retirees, and more. These workers look to supplement their income and generally maintain full-time jobs. In fact, for 75% of these workers, this flexible work represents less than 10% of their families’ income.

While the workforce has evolved significantly over the last few decades, the labor laws have not. Today’s labor laws classify workers as either employees, whose schedules and work hours are controlled by hiring entities but who have guaranteed benefits and protections, or independent contractors, who have the freedom and flexibility to choose work schedules and work hours but do not have any benefits or protections.

In an attempt to resolve situations where the misclassification of workers left workers without legal benefits or protections, the unintended consequence of AB 5 reclassified nearly every independent contractor, freelancer and ‘gig’ worker as an employee. AB 5’s reclassification is causing millions of Californians to lose work opportunities as businesses stop hiring contractors due to uncertainty about whether AB 5 applies, the added expense of reclassification, particularly for non-full-time work, and the severe consequences of being found to misclassify workers.

SB1039 acknowledges these “independent workers” by creating a new category of worker, with guaranteed benefits and protections.



Specifically, SB1039 solidifies the freedom and flexibility independent workers desire, while also providing basic protections such as guaranteed minimum wage, workers' compensation insurance (in the form of accidental occupational coverage), access to short-term disability benefits and protection from discrimination.

“The American workforce has shifted over the last few generations, but the labor laws have not evolved,” said Jeremy Gottschalk, Executive Director of the Marketplace Industry Association. “Labor laws binarily classify workers as employees or independent contractors, which is not reflective of today’s workforce. While AB 5 rightfully sought to rectify the harm of misclassified workers, it did so in the confines of an outdated, binary system, and has resulted in the loss of work opportunities for millions of Californians due to the overclassification of workers as employees. It is time that the labor laws change to reflect the reality of today’s workforce with a third classification of worker that guarantees benefits and protections while ensuring the flexibility and freedom these workers desire.”

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The [Marketplace Industry Association](http://www.marketplaceassociation.org) is a 501(c)(6) nonprofit trade association that represents, educates and advocates for the benefit of the marketplace industry, and to better serve those who exchange goods, services and property through marketplaces. The Marketplace Industry Association is the go-to organization for all stakeholders within the marketplace ecosystem. The Marketplace Industry Association is an inclusive group where everyone involved is passionate about the opportunities that marketplaces offer and where members come seeking expertise, resources, and thought leadership. For more information about the Marketplace Industry Association: www.marketplaceassociation.org.