

HCS HB 1137 -- MISCLASSIFICATION OF WORKERS

SPONSOR: Hill

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Workforce Development by a vote of 8 to 4. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 6 to 2.

This bill establishes the criteria of a worker to be considered as an independent contractor. It states that independent contractors shall have a written contract that states the person is an independent contractor, not an employee, and that the person is responsible for all costs, fees, and taxes as an independent contractor. In addition, the person must have the right to control the manner and means by which the work is accomplished, and satisfies at least three out of nine listed requirements of an independent contractor. This bill also changes the definition of "employee" by removing the reference to the factors in IRS Rev. Rule 87-41, 1987-1 C.B.296 and stating that an individual who meets the requirements for an independent contractor under this bill is not an employee.

This bill is similar to SCS SB 313 (2019).

PROPOSERS: Supporters say that this bill will help define who is considered to be an employee. This bill was drafted by a trial attorney, and the language in the bill is the same language in statutes from other states. Supporters also say that this bill provides a definition of an independent contractor and an objective analysis. This bill will be beneficial for employers and employees. Supporters say that this bill will give statutory clarity that would be helpful for businesses, employers, and employees.

Testifying for the bill were Representative Hill; National Federation of Independent Business; Missouri Retailers Association; and Missouri Chamber Of Commerce And Industry.

OPPOSERS: Those who oppose the bill say that they were never asked about the bill. In the construction industry, worker classification is a major issue. Those opposing this bill say that this bill will not hold employers accountable for certain expenses, such as tax income, social security, unemployment benefits, and health insurance. This bill will help general contractors not pay taxes for employees. Those who oppose this bill also say that allowing people to pay less in taxes is detrimental to Missouri. This bill will make misclassification of workers easier. It is generally costly when a worker is misclassified. Those who oppose

this bill also say that this bill is not employee friendly and not good for workers.

In addition, independent contractors are responsible for paying taxes at the end of the year. This bill will affect immigrants who have language barriers and may not know about the requirements of an independent contractor.

Testifying against the bill were Missouri Afl-CIO and Mark Dalton, Carpenters Regional Council - St. Louis & Kansas City, Mo.