

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
LEG	Dan Eder 684-8147	

\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.

**1. BILL SUMMARY**

1. **Legislation Title:** A RESOLUTION relating to misclassifications of workers as independent contractors when they should be designated as employees; requesting semi-annual updates to the Council starting at the end of the 3rd quarter of 2019 on the work the Office of Labor Standards and Labor Standards Advisory Commission is doing to investigate and correct misclassifications.
2. **Summary and background of the Legislation:** Labor law protections and benefits are based on an employer/employee relationship. If an employer misclassifies an employee as an independent contractor, the employee may not receive benefits and protections to which they are entitled under federal, state, and local labor laws. Therefore, the consequences of being classified as an employee or independent contractor can be significant.

This Resolution requests the Office of Labor Standards, (OLS) the city department that investigates and enforces the city’s labor laws to

- Propose policy solutions to help address this issue of misclassification.
- Develop enforcement strategies and subject matter expertise to resolve misclassification inquiries and complaints; and
- Develop outreach and education strategies OLS will use to inform workers and employers
- Work with the Office of Intergovernmental Relations on those issues most appropriately addressed by the State, and incorporate them into the City’s 2020 State Legislative Agenda
- Work with experts in employment law to perform a thorough legal analysis on ways to mitigate the adverse impact of the Supreme Court’s decision in *Epic Systems Corp v Lewis* on Seattle workers’ ability to band together to challenge an employer’s illegal acts.

The 15-member Labor Standards Advisory Commission (LSAC) is composed of employers, employees, and community members with a demonstrated concern and background in labor standards. LSAC’s role is to advise the OLS Director on labor standards generally and specifically on the implementation of the City’s labor laws.

LSAC is requested to:

Develop a work program identifying how they will work with OLS on the issue of misclassification, particularly how they can assist OLS by providing input on effective strategies based on their experience and existing worker and business associations. LSAC should consider how they can assist OLS in engaging parties affected by the issue of misclassification through stakeholder groups and public hearings.

Finally, OLS is requested to provide semi-annual updates identifying the work OLS and LSAC is doing to address the potential problem of misclassification of workers as independent contractors when they should be classified as employees.

## 2. CAPITAL IMPROVEMENT PROGRAM

**a. Does this legislation create, fund, or amend a CIP Project?  Yes  No**

If yes, please fill out the table below and attach a new (if creating a project) or marked-up (if amending) CIP Page to the Council Bill. Please include the spending plan as part of the attached CIP Page. If no, please delete the table.

## 3. SUMMARY OF FINANCIAL IMPLICATIONS

**a. Does this legislation amend the Adopted Budget?  Yes  No**

If there are no changes to appropriations, revenues, or positions, please delete the table below.

**b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

**c. Is there financial cost or other impacts of *not* implementing the legislation? Workers who are misclassified as independent contractors who should be classified as employees may not be receiving the labor law protections and benefits to which they are entitled.**

### 3.d. Appropriations

balance) to cover this appropriation in the notes section. Also indicate if the legislation changes appropriations one-time, ongoing, or both.

### 3.e. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements. No

If this box is checked, please complete this section. If this box is not checked, please proceed to Positions.

**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

### 3.f. Positions

This legislation adds, changes, or deletes positions.

## 4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**

Potentially the Office for Civil Rights.

- b. Is a public hearing required for this legislation? No**

- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant? No**

- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation? No**

**Does this legislation affect a piece of property?` No**

- e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

Workers misclassified as independent contractors and those working in what is sometimes referred to as the “gig economy” are often people of color, lower income and limited English speakers who are seeking work in low barrier sectors and may be unfamiliar with labor law protections and rights to which they may be entitled.

- f. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program’s desired goal(s).**

This answer should highlight measurable outputs and outcomes.

**List attachments/exhibits below:**