



SEATTLE CITY COUNCIL  
**CENTRAL STAFF**

# Independent Contractor Protections Introduced Legislation

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COUNCIL BILL 120069, SPONSORED BY COUNCILMEMBER HERBOLD

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FINANCE AND HOUSING COMMITTEE  
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# Introduced Legislation

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- Commercial hiring entities would provide independent contractors with pre-contract disclosures, timely payment, and payment disclosures for services valued at \$600 or more.
- Effective on March 1, 2022.
- Implemented by the Office of Labor Standards (OLS).

# Policy Changes (1/2)

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## 1. Hiring entity coverage

- Coverage would be limited to commercial hiring entities.

## 2. Value of services

- Legislation would cover services with proposed, actual, or expected compensation of \$600 or more in calendar year.

## 3. Transportation Network Companies (TNCs)

- TNCs would provide drivers with timely payment, but would not be required to provide pre-contract or payment disclosures.

# Policy Changes (2/2)

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## 5. Presumptive contract

- Presumptive contract would be created when an independent contractor performs the agreed-upon work in the pre-contract disclosure.
- Hiring entity could rebut the presumption with clear and convincing evidence, such as a written contract.

## 6. Model notices

- OLS would distribute model notices in English, Spanish and other languages by March 1, 2022.

# Issue Identification

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# Coverage of Government Entities

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## Options

- A. Include City of Seattle in hiring entity coverage.
- B. Exclude City of Seattle from hiring entity coverage.
- C. Exclude other government entities from hiring entity coverage.
- D. Specify a combination of either A or B with C.
- E. Make no changes to the legislation.

# Value of Services - \$600 or more in a calendar year

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## Options

- A. Add requirement to adjust the threshold amount for covered services to reflect IRS reporting requirements for non-employee compensation.
- B. Add requirement to adjust the threshold amount for covered services annually to reflect the rate of inflation, rounded to the nearest dollar.
- C. Make no changes to the legislation.

# Financial Impacts on City - OLS Estimate

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1. \$684,000 (\$60,000 in one-time funds plus \$624,000 in ongoing annual costs)
2. Three positions (senior Investigator, paralegal, engagement specialist)
3. Administrative expenses
4. Creation of model notices and court navigation documents
5. Outreach
6. Rulemaking



# Financial Impacts on City – OLS Estimate

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## Options

- A. Add up to \$684,000 in new resources to support OLS during the 2021 supplemental budget process and/or the 2022 budget process.
- B. Delay the effective date of the labor standards requirements to provide OLS with more time to prepare for implementation and balance the needs of their existing workload.
- C. Specify a combination of A and B.
- D. Take no action. OLS would prioritize their work using existing resources.

# Questions?