



SEATTLE CITY COUNCIL
CENTRAL STAFF

Independent Contractor Protections Substitute Bill “D2”

COUNCIL BILL 120069, SPONSORED BY COUNCILMEMBER HERBOLD

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FINANCE AND HOUSING COMMITTEE
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Introduced Legislation

- 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).

Substitute Bill (1/7)

1. Independent Contractor Coverage

- No coverage of independent contractors where the only relationship with the hiring entity is a property rental agreement, such as an agreement to lease workspace from the hiring entity.
- Example: an independent contractor hair stylist whose only relationship with a salon is renting a booth for workspace.

Substitute Bill (2/7)

1. Value of services

- New requirement to adjust the threshold value of services (\$600 in a calendar year) to reflect IRS reporting requirements for non-employee compensation in 1099-NEC form.
- OLS would determine the adjustments and file a schedule of the amounts with the City Clerk.

Substitute Bill (3/7)

3. Platform Gig Worker Provisions

Retain coverage of platform gig workers, but remove provisions specific to platform gig work:

- Estimated tip and service charge distribution in pre-contract disclosure;
- Pre-contract disclosure at the initial time of hire and for each online order for work;
- Payment disclosure after completion of each online order for work; and
- Provision of disclosures and notice of rights in an electronic format via smartphone application or online web portal.

Substitute Bill (4/7)

4. Enforcement

- Clarify OLS Director's discretion to prioritize investigations of workforces that are vulnerable to violations of the legislation
- Give the Director more discretion to develop the complaint procedure and navigation program

Substitute Bill (5/7)

5. Effective date

- New effective date of September 1, 2022

Substitute Bill (6/7)

6. OLS Funding

- Non-codified section stating Council’s intention for OLS to use the process established by Seattle Municipal Code (SMC), 3.15.007 “OLS Fund” to establish the office’s funding needs for implementation
- OLS Director would certify the “minimum annual contribution” needed for enforcement and outreach in a letter to the Mayor and Council by September 1, 2021
- The minimum annual contribution would be included in the 2022 Proposed Budget submitted by the Mayor to the Council

Substitute Bill (7/7)

7. Platform Gig Worker Legislation

- Extend the timeline for establishing minimum compensation and other protections for platform gig workers from late September 2021 to the end of 2021

Questions?