



## ABCs of AB5, the independent contractor law...

Gov. Gavin Newsom signed legislation, Assembly Bill 5 (AB5), which, effective Jan. 1, authorizes city attorneys to sue hiring entities to enforce the new law.

As a guideline for city attorneys, the California Supreme Court announced a demanding three-part test hiring entities must meet to classify workers as independent contractors instead of employees. AB5 prohibits a hiring entity from classifying a worker as an independent contractor unless the hirer can establish that:

- (A) The hiring entity does not control or direct the worker in performing the work in fact or under the terms of a contract.
- (B) (B) The work performed is outside the “usual course” of the hiring entity’s business.
- (C) (C) The worker is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.

The Legislature expects the measure ultimately to cause “potentially several million” California workers to be reclassified as employees in order to bring revenue to government coffers in the form payment of payroll taxes and premiums for workers compensation premiums, Social Security, unemployment and disability insurance.

\*This bill is primarily directed at tech companies such as Uber, Lyft, and Doordash. However, to date, physical, occupational, and speech therapist have not been exempted from this ruling.