

— TOP TAKEAWAYS —

The Threat to Independent Contracting: AB5



WE ARE A NATION OF INDEPENDENT CONTRACTORS

American workers want flexible work arrangements. Technology has expanded independent contracting work through the gig economy.

- In 2019, an estimated 57 million Americans did contract work.
- 1 in 5 jobs in America is held by an independent contractor.
- Nearly 75 percent of contractors are working independently by choice.

AB5 HARMS WORKERS

California's AB5 makes it more difficult to classify workers as independent contractors. This:

- **Raises costs for businesses.** Reclassifying workers and complying with wage and hour laws, unemployment insurance, and other labor laws would increase labor costs by an estimated 20-30 percent leaving less for job creation and wage increase.
- **Threatens the economic security of workers.** Some businesses are opting to lay off their freelance workforce. Independent contractors report losing contracts, being laid off from projects and unable to find freelance work.
- **Kill flexible work arrangements.** Millions of Americans prefer to be their own bosses instead of working as employees.

AMERICAN WORKERS NEED FREEDOM & FLEXIBILITY

AB5 isn't just a threat to Californians. Its flawed approach is spreading:

- Several other states have introduced or are considering adopting tightened requirements for independent contractors.
- The U.S. House of Representatives passed the PRO Act (H.R. 2474), which adopted AB5's standard for classifying independent contractors.

AB5 is a fundamentally bad policy that should be reversed and abandoned.

Instead, lawmakers should look to expand worker freedom and give all Americans the chance to design the life they desire.