

February 15, 2021

Assemblymember Eduardo Garcia
State Capitol
P.O. Box 942849
Room 4140
Sacramento, CA 94249-0056

Re: AB 25 (Kiley): Worker classification: employees and independent contractors
SUPPORT

Dear Assemblymember,

On behalf of the Greater Coachella Valley Chamber of Commerce, I am writing to express our support for AB 25, which would restore the multi-factor test, otherwise known as the Borello test, for evaluating whether a person is an employee or an independent contractor.

Despite the Borello test being used for nearly three decades, in 2018, the California Supreme Court made a surprising and unprecedented departure from the Borello test and instead adopted the ABC test for determining whether an individual is an employee under the Wage Orders. The Legislature recognized the fundamental problems and unworkable system established by the Supreme Court under the ABC test. However, instead of repealing the new process the Legislature passed AB 5, which exempted several professions from the ABC test. This resulted in several professions that should have been exempted having to comply with this onerous new process.

The ABC test has had a detrimental effect on thousands of businesses, especially small businesses across the state. Businesses often rely on independent contractors to complete temporary and expeditious tasks. The ABC test has put in doubt the sustainability of a significant portion of independent contractor relationships in California. With so many California residents negatively impacted by these changes, people across the state are scrambling to figure out how to replace their lost income while maintaining their desired independence and autonomy. The most devastated are our most vulnerable: seniors, caregivers, students, formerly incarcerated, single mothers, and people with disabilities or health issues - all of whom have relied upon independent contracting to maintain their livelihoods. This immense difficulty is compounded by state restrictions imposed in response to COVID-19, which resulted in the loss of work for many. As a state, it is paramount we provide our residents with greater opportunity in the face of this crisis.

Businesses are currently experiencing economic hardships due to governmental restrictions placed because of the COVID-19 pandemic. Studies by the University of California Riverside showed that almost 50% of the small businesses in the Inland Empire reported a large negative effect from the COVID-19 pandemic. Some sectors have been disproportionately affected by the pandemic. Namely, the Accommodation/Food Service sector and the Health Care/Social Assistance industry have seen the most job loss and decrease in number of hours worked. What's more small businesses do not have the same access to resources large businesses do; such as capital, labor, funding, and reserves. Our current situation under COVID-19 amplifies these disparities. Implementing AB 25 will ameliorate the current economic distress especially among small businesses.

For these reasons and others, we urge your support of AB 25.

Respectfully,



Joshua R. Bonner
President and CEO
Greater Coachella Valley Chamber of Commerce