



still have independent contractors? the city of los angeles now has something to say about that

Jeremy Mittman
MSK Client Alert

August 31, 2023

This summer, the City of Los Angeles enacted the Freelance Worker Protections Ordinance ("the Ordinance"), setting forth certain requirements for hiring entities retaining "freelance workers" within the City of Los Angeles ("the City").

The Ordinance defines a freelance worker as an individual or entity composed of no more than one person that is hired by a "hiring entity" as a bona fide independent contractor to provide services in exchange for compensation. A "hiring entity," in turn, is defined as an entity that is regularly engaged in a business or commercial activity (other than an entity that hires app-based drivers (such as Uber or Lyft) to provide prearranged transportation or delivery services).

Required Contractual Terms Under the Ordinance

Stating its intention to provide protections to freelance workers who might struggle to receive both full and timely payment for their services, the Ordinance requires hiring entities to have a written contract with any freelance worker for services valued at \$600 or more in a calendar year (and thus obligated to provide an IRS Form 1099). This contract is required to include:

- The name, mailing address, phone number, and email address of both the hiring entity and the freelance worker;
- An itemized list of services to be provided by the freelance worker, including the value of the services and the rate and method of compensation; and
- The date by which the hiring entity must pay or the manner by which such date will be determined.

attorneys

Jeremy Mittman

practice areas

labor & employment



still have independent contractors? the city of los angeles now has something to say about that

A hiring entity must provide full payment by the date specified in the contract (or no later than 30 days after work is completed, if no date is specified in the contract).

Penalties for Noncompliance

If a hiring entity either fails to respond to a freelance worker's request for a written contract prior to commencing work, fails to pay the amounts agreed to under the contract, or otherwise violates a provision of the Ordinance, additional damages and remedies are available to the freelance worker, including attorney's fees and costs. For example, if, prior to commencing work, the freelance worker requested and was refused a written contract, the freelance worker must be awarded \$250. Additionally, if a hiring entity fails to timely and fully pay the freelance worker, the freelance worker can be awarded damages that are expressly capped at twice the unpaid amount under the contract.

Notably, the Ordinance cannot simply be "contracted around" as the Ordinance states that any attempted waiver is deemed contrary to public policy, void, and unenforceable.

Employers should carefully review and update their independent contractor practices in light of these changes, and the team at Mitchell Silberberg & Knupp remains available to best assist its client's needs.