

What Employers Need to Know About Seattle's Independent Contractor Protections Ordinance

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October 11, 2022

The Seattle Office of Labor Standards has released a [Fact Sheet](#) on the city's Independent Contractor Protections Ordinance offering guidance on the implementation of new pay protections for independent contractors.

Seattle's Ordinance is in line with the trend of state and local governments adopting workplace protections for independent contractors as the number of such workers continues to rise. The Ordinance aims to increase pay transparency and timely payments for independent contractors and went into effect on September 1, 2022.

Businesses Covered

The Ordinance ([SMC 14.34](#)) broadly applies to "hiring entities," which generally includes any person or entity that hires an independent contractor.

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The city's Fact Sheet describes the law as applying to any hiring entities "regularly engaged in business or commercial activity," including non-profits.

Workers Covered

"Independent contractor" is defined as "a person or entity composed of no more than one person, regardless of corporate form or method of organizing the person's business that is hired by a hiring entity as a self-employed person or entity to provide services in exchange for compensation." The person or entity's work also must be performed, at least in part, in Seattle and the hiring entity must be aware of this.

However, the Ordinance excludes:

- Lawyers;
- Workers whose relationship with the hiring entity is limited to a property rental agreement (such as a hair stylist who rents a booth at a salon);
- Independent contractors working for a Transportation Network Company, as defined in RCW 46.04.652; and
- Any other class of independent contractors that the director of the Office of Labor Standards excludes through forthcoming rules.

Contracts Covered

A contract between a hiring entity and an independent contractor must also meet two additional requirements to be covered by the Ordinance:

1. It must be for an exchange of services for compensation; and
2. It must involve proposed or actual compensation of \$600 or more, either alone or in combination with all other services provided by the independent contractor to the same hiring entity in the calendar year.

Employer Obligations

Before any work begins, the hiring entity must provide the independent contractor with (1) a notice of rights under the Ordinance and (2) a pre-contract disclosure.

The "notice of rights" must inform the independent contractor of their right to:

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- Pre-contract disclosure, timely payment, payment disclosures, retaliation protection; and
- File a complaint with the Seattle Office of Labor Standards or bring a private lawsuit.

The “pre-contract disclosure” must include:

- Current date;
- Names of both parties and contact information of the business;
- Description of the work;
- The location(s) of the work, as well as the regular place of business of both parties;
- Compensation structure (*e.g.*, pay rate, pay basis, tips/service charge distribution policy, reimbursements, deductions, fees, and charges); and
- Pay schedule.

At the time of each payment, hiring entities must provide additional written payment disclosures, including many of the above items, as well as gross payment, specific deductions, and net payment after deductions.

The notice of rights, pre-contract disclosure, and payment disclosures must be in English and any language the hiring entity has reason to know is the primary language of the independent contractor.

Additionally, hiring entities must provide timely payment as required by the terms of a contract, the terms of the pre-contract disclosure, or within 30 days of contract performance. However, the Ordinance does not specify a minimum hourly rate that hiring entities must pay for the independent contractor’s services.

The Ordinance also requires hiring entities to maintain records showing compliance with the Ordinance for three years.

Hiring entities “and other persons” are forbidden from taking adverse actions against an independent contractor for exercising rights under the Ordinance in good faith.

Jackson Lewis attorneys are closely monitoring updates and changes to legal requirements and guidance and are available to help employers weed through the complexities.

If you have questions or need assistance, please reach out to the Jackson Lewis attorney with whom you regularly work.

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