



March 27, 2024

The Honorable Arthur J. Corvese
Chair
House Labor Committee

RE: H 7788 — “An Act Relating to Labor and Labor Relations—Minimum Wages”

Dear Chair Corvese and Committee Members:

On behalf of the more than 6,000 members of the Rhode Island Association of REALTORS® (RIAR), thank you for accepting testimony and affording our association opportunity to comment on H 7788. The legislation before you could jeopardize the independent contractor designation for thousands of Rhode Island REALTORS®.

As you know, the real estate industry accounts for more than \$12 billion or 17 percent of Rhode Island’s gross state product.¹ The local real estate segment of Rhode Island’s economy is strong and is attributable to the independent contractor designation that has been recognized in Rhode Island General Law. It is worth noting that 87 percent of all REALTORS® nationwide are classified as independent contractors.²

RIAR is deeply concerned that passage of H 7788 could jeopardize the independent contractor status for thousands of local REALTORS®. Our members rely on a career that provides flexibility and freedom with no limits on potential income. Moreover, consumers trust that their local REALTOR® will be present at any time when exploring new housing opportunities. Passage of H 7788 could eliminate a consumer’s ability to cultivate a strong professional relationship, which is essential during the homebuying process.

Our association seeks clarification regarding current statutes and how H 7788 would impact REALTORS® across Rhode Island.

The ability for REALTORS® to work as independent contractors is recognized in Rhode Island General Laws § 5-20.5-1:

(6) "Real estate salesperson" means and includes any person employed or engaged as an independent contractor by or on behalf of a licensed real estate broker to do or deal in any

¹ [The Economic Impact of a Typical Home Sale- Rhode Island](#)

² <https://www.nar.realtor/advocacy/nar-issue-brief-real-estate-professionals-classification-as-independent-contractors>

activity as included or comprehended by the definitions of a real estate broker in subsection (5) of this section, for compensation or otherwise.³

Furthermore, Rhode Island General Laws § 28-29-2 exempts real estate salespersons who are classified as independent contractors from workers' compensation and the state's definition of employee:

(11) "Independent contractor" means a person who has filed a notice of designation as independent contractor with the director pursuant to § 28-29-17.1 or as otherwise found by the workers' compensation court.⁴

(1) The broker, salesperson, or appraiser, for purposes of workers' compensation, is engaged as an independent contractor associated with the person for whom services are performed;⁵

Finally, Rhode Island General Laws § 28-42-8 exempts real estate salespersons from the state's definition of "employment" related to employment security:

(10) Notwithstanding any provisions of titles 5 and 27, service performed by an individual as a real estate salesperson if all the service performed by that individual is performed for remuneration solely by way of commission;⁶

As you can see, H 7788 creates confusion and threatens workers' ability to be classified as independent contractors, including most REALTORS® in Rhode Island. While [Rhode Island General Law § 28-14-1](#) exempts independent contractors from the legislation's mandates, an exemption provision for real estate salespersons like the aforementioned laws is missing from H 7788.

RIAR recommends that the General Assembly either link H 7788 to an existing employee definition that classifies real estate professionals as independent contractors or include a new exemption in the legislation before you. Therefore, RIAR opposes H 7788 as drafted.

Sincerely,



Philip B. Tedesco, RCE, CAE, CIPS
Chief Executive Officer
Rhode Island Association of REALTORS®

³ <http://webserver.rilegislature.gov/Statutes/TITLE5/5-20.5/5-20.5-1.htm>

⁴ <http://webserver.rilegislature.gov/Statutes/TITLE28/28-29/28-29-2.htm>

⁵ <http://webserver.rilegislature.gov/Statutes/TITLE28/28-29/28-29-7.1.htm>

⁶ <http://webserver.rilegislature.gov/Statutes/TITLE28/28-42/28-42-8.htm>