



March 27, 2024

Honorable Arthur Corvese
Chairman, House Committee on Labor
Rhode Island State House
Providence, RI 02902

RE: H.7788 - An Act Relating to Labor and Labor Relations – Minimum Wages

Chairman Corvese and Committee Members,

The RI Business coalition opposes the passage of H.7788, An Act Relating to Labor and Labor Relations – Minimum Wages. This bill mimics the restrictive Massachusetts and California independent contractor laws, creating a complicated test that makes it virtually impossible to be considered self-employed. The dispute over the definition of “independent contractor” and “employee” has a long and sometimes tortured legal history in states like Massachusetts because of their current law. In 2004, under the guise of public construction reform legislation, the Massachusetts state legislature altered the definition of independent contractor, a definition H.7788 proposes to copy when defining an employee.

Any attempts at clarification in Massachusetts has led to confusion amongst business owners and workers, accountants, lawyers, insurance companies and government agencies. In an attempt to address issues in the construction industry, the Massachusetts legislature wrote a law that, along with the then Attorney General’s Advisory Opinion interpreting the law, has left many traditional employer/self-employed relationships in doubt. Some people are employees for some state agencies, while remaining independent contractors in the eyes of other state agencies and federal tax authorities.

Last year, the General Assembly spent much time and energy working on this issue. The General Assembly adopted a definition of independent contractor using the Fair Labor Standards Act. While this standard is more narrow than the Internal Revenue Services factor test, it does provide guidance as well as recognition of the diverse nature of industries and their use of independent contractors.

On behalf of Rhode Island small businesses and those who opt for the freedom of self-employment, the Coalition strongly urges you to reject H.7788, an extremely restrictive proposal that will negatively impact the Rhode Island economy.

Sincerely,

Associated Builders and Contractors, Rhode Island

East Greenwich Chamber of Commerce

National Federation of Independent Business

Rhode Island Association of REALTORS®

Rhode Island Beverage Association

Rhode Island Business Group on Health

Rhode Island Hospitality Association

Rhode Island Manufacturers Association

Rhode Island Marine Trades Association

Rhode Island Mortgage Bankers Association

Rhode Island Small Business Economic Summit Regulations Committee

Rhode Island Small Business Economic Summit Tax and Budget Committee

Rhode Island Society of Certified Public Accountants

Rhode Island Staffing Association

Sustainable Benefits Strategies, LLC