

ECONOMIC DEVELOPMENT AND JOBS COMMITTEE REPORT relative to a local version of New York City's "Freelance Isn't Free Act."

Recommendation for Council action, pursuant to Motion (Blumenfield – De Leon):

INSTRUCT the Economic and Workforce Development Department, in consultation with Bureau of Contract Administration and the City Attorney, to report back with recommendations for a local Freelance Isn't Free Act, including the appropriate scope of coverage, required or recommended exclusions based on State law or industry-specific considerations; and private and public enforcement mechanisms.

Fiscal Impact Statement: Neither the City Administrative Officer nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On August 10, 2021, your Committee considered a Motion (Blumenfield - De Leon) relative to creating a local version of New York City's "Freelance Isn't Free Act." According to the Motion, the City has consistently championed its workers by adopting laws designed to protect workers' rights and improve their socioeconomic status through such means as the Minimum Wage and the Living Wage Ordinances, Motel Worker Minimum Wage Ordinance, the First Source Hiring Ordinance, and various Worker Retention Ordinances. Also, the State of California has also championed its workers, including by adopting AB 5, which seeks to ensure that more workers are properly classified as employees, with all of the protections that status provides. However, workers who are not employees but who work as independent contractors or freelancers have received less attention and legal protection. The City should also take reasonable measures to ensure that these workers are treated fairly receive the compensation they are due. This is especially important as Angelenos are dealing with the economic impacts of the COVID-19 pandemic, and as the nature of paid work continues to evolve.

Freelance workers include independent contractors, part-time moonlighters, full-time self-employed workers and others. Their work ranges from highly specialized professions in the tech, fashion and media industries to event planning, caregiving, housekeeping and more in the rapidly-expanding gig economy. Unfortunately, many of these independent workers struggle with nonpayment and delayed payment for work rendered. In 2016, the City of New York enacted the "Freelance Isn't Free Act," which requires written contracts for freelance work exceeding a specified amount that outline the scope of work, rate, method of payment, and the payment due date. In the absence of a written contract, the Act requires payment within 30 days. The Act provides a private right of action, including statutory penalties. The City of New York's Office of Labor Policy and Standards is responsible for outreach and engagement; and has enforcement authority. The Act

contains exclusions and limitations based on New York state law. The City of Los Angeles should consider adopting similar legislation to protect its freelance workers. The purpose is not to determine whether workers should be classified as employees or freelancers, but rather to ensure that those who hire freelancers treat them fairly. Any local legislation should include exemptions and exclusions that may be required by State law, including Proposition 22, and take into account atypical industries whose freelance workers are protected by collective bargaining or similar agreements. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Motion. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Economic Development and Jobs Committee

COUNCILMEMBER	VOTE
PRICE:	YES
KREKORIAN:	YES
BLUMENFIELD:	YES
RAMAN:	ABSENT
HARRIS-DAWSON:	YES

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8/10/21

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