



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 645 (Substitute S-1 as reported)
Sponsor: Senator Mike Kowall
Committee: Commerce

CONTENT

The bill would create the "Employee Classification Act" to prohibit an employer or an agent of an employer from misclassifying an employee in a report required under State law. If the misclassification resulted in a lessening or avoidance of a legal obligation to the employee, another individual, or the State, the employer or agent would be subject to the sanctions provided in the statute under which the report was required.

"Misclassify" would mean to fail to properly identify an individual as performing services in employment in an employer-employee relationship with an employer. An employer-employee relationship would be determined using the 20-factor test announced by the Internal Revenue Service in Revenue Ruling 87-41, 1987-1 C.B. 296.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 10-20-16

Fiscal Analyst: Josh Sefton