



COALITION TO PROMOTE INDEPENDENT ENTREPRENEURS



The Harmonization Project

Our objectives under the Harmonization Project are to harmonize the definition of the term “employee” for purposes of federal and state statutes.

The meaning of the term “employee” is critically important for purposes of laws governing work relationships. This is because these laws, for the most part, cover only employees, and do not cover self-employed individuals, commonly referred to as independent contractors or independent entrepreneurs. Courts and administrative agencies apply more than ten different tests to determine whether an individual qualifies as an “employee” for purposes of different federal and state statutes.

This multiplicity of different tests for the term “employee” has resulted in independent entrepreneurs and their clients seldom knowing, day-to-day, whether their contractual relationships will be respected for purposes of applicable statutes. This exposes companies doing business with independent contractors to the risk of having to relitigate the classification of an individual multiple times, due to the different tests that can apply for purposes of different statutes.

This risk has caused many companies to become skeptical of doing business with independent contractors. These companies often purchase services through other, less-efficient types of arrangements, which, of course, leads to fewer independent-contractor opportunities and artificially depresses the earnings of legitimate independent contractors.

Inconsistent definitions of the term “employee” also inhibit the government’s efforts to pursue collaborative enforcement strategies to ensure proper worker classification, as a determination of an individual’s status by one agency for purposes of a specific statute is commonly a false indicator of that individual’s status for purposes of a different statute administered by a different agency (for which a different test for “employee” can apply).

The current patchwork of definitions could be eliminated by harmonizing the definition of “employee” for purposes of federal and state statutes. Harmonization would establish a uniform definition of “employee” that would apply for purposes of all statutes. Thus, once an individual’s status relative to a company were determined for purposes of one statute, the individual’s status would be known for purposes of all statutes. This would substantially increase the level of regulatory certainty for independent entrepreneurs and their clients, and create a level playing field for all service providers, regardless of the configuration of their business.

We hope you will join with us to pursue the Harmonization Project. In our view, the regulatory clarity and certainty this Project can achieve would translate into enhanced economic growth for our nation and expanded economic opportunities for all independent entrepreneurs. We look forward to working with you!

To join the Coalition, please [click here](#).