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California State Senate
California State Capitol
10th and L Streets
Sacramento, CA 95814

Dear Senator,

On behalf of the 260,664 members and supporters of the Council for Citizens Against Government Waste in California, I urge you to support Assemblyman Kevin Kiley's (R-AD6) AB 5 amendment to the coronavirus stimulus bill.

During the current coronavirus pandemic, many California families, businesses, and individuals have been struggling to support themselves. Assemblyman Kiley's amendment would repeal provisions of Sections 2750.3 and 2750.5, and add a new Section 2750.7 to the Labor Code relating to employment, which would support the continued work of independent contractors. In 2019, AB 5 was signed into law by Governor Gavin Newsom (D), in an attempt to protect workers by guaranteeing a minimum wage, sick leave, workers' compensation, unemployment benefits. Even though the intent was to target app-based drivers, the law has led to the loss of work for independent contractors in every imaginable industry.

According to the Internal Revenue Service (IRS), California currently has the highest number of independent contractors. These workers include performing artists, journalists, hairstylists, healthcare professionals, freelance writers, and many others who enjoy being their own bosses. All of these professions have been adversely affected by the enactment of AB 5. According to the California Labor and Workforce Development Agency, misclassifying workers will result in civil penalties between \$5,000 and \$25,000 per violation. Such a fine would impose a heavy burden on families and businesses.

Assemblyman Kiley's amendment would eliminate many independent contracting professions from being classified as employees, and provide much needed relief for many Californians seeking new ways to earn a living. While we would have preferred to have included driver-based gig economy contractors in this amendment, the bill retains the language relating to independent contractors operating as drivers using mobile applications, as this matter will be addressed by the citizens of California during a voter referendum in November.

I strongly urge you to support this amendment to reduce the economic impact of AB 5 on independent workers. The California economy is struggling during the pandemic. Independent contractors need to be free to earn a living and should not be subject to additional hardships under AB 5.

Sincerely,

Tom Schatz