

“Senators Fight for Leveling the Playing Field”

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WASHINGTON, D.C. - Senator John Kerry (D-Mass.) today introduced legislation to provide workers with the rights they deserve. A current tax loophole, which allows employers to misclassify some workers as "independent contractors," denies employees valuable rights and protections. The Taxpayer Responsibility, Accountability and Consistency Act of 2009 will ensure workplace protections such as workers' compensation, Social Security, Medicare, overtime, unemployment compensation, and the minimum wage are afforded to all employees. The bill is co-sponsored by **Senators Dick Durbin (D-Ill.), Tom Harkin (D-Iowa), Chuck Schumer (D-N.Y.), Sherrod Brown (D-Ohio), Bob Menendez (D-N.J.), and Paul Kirk (D-Mass.)**. "This is about leveling the playing field and ensuring that America's workers receive the protections and pay they deserve," said Sen. Kerry. "We cannot continue to reward businesses who refuse to play by the rules." "When workers are misclassified as independent contractors, they are denied rights to overtime, minimum wage, unemployment insurance, and workers compensation," said Sen. Brown. "Misclassification also puts employers who play by the rules at a substantial disadvantage. This legislation will ensure that workers receive the protections they deserve and that companies that play by the rules remain competitive. During times of record budget challenges, we need to close loopholes that undermine federal and state budgets." "This is a question of basic fairness," said Sen. Kirk. "For too long, Congress has allowed American workers to be short-changed by being misclassified by their employers as independent contractors instead of employees, at a cost of billions of dollars each year to the Treasury. This legislation makes sure that our hard-working men and women are fully compensated and receive benefits commensurate with the work they do." Section 530 of the Revenue Act of 1978 provides a loophole for employers to treat a worker as an "independent contractor" for employment tax purposes, regardless of the worker's actual status under the common law test, unless the employer has no reasonable basis for such treatment or fails to meet certain requirements. Section 530 is commonly referred to as a "safe harbor." The Taxpayer Responsibility, Accountability and Consistency Act of 2009 will: * address the current loophole by requiring information reporting and making changes to the safe harbor; * require businesses that pay any amount greater than \$600 during the year to corporate providers of property and services to file an information report with each provider and with the Internal Revenue Service (IRS); * revise the safe harbor to reduce abuses and ensure employers have a "reasonable basis" for not treating an individual as an employee