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GIG/SHARING ECONOMY PROPOSALS IMPACT ON DIRECT SELLERS AS INDEPENDENT CONTRACTORS

Background

Scrutiny has increased around independent contractor status due to technologies that have created new opportunities for independent work. Companies like Uber, Lyft, and Airbnb have utilized a sharing platform to connect customers with rides, accommodations and other services.

Position

Policymakers and thought leaders are primarily concerned that these independent contractors in the "sharing" or "gig" economy have limited social protections such as minimum wage, worker safety, family and medical leave and overtime. Because the number of independent contractors in the American economy is growing, proposals are examining what role the government should or should not play. There is concern that leaving these individuals unprotected will eventually fall back on the government. The proposals are also examining what benefits should be provided by companies utilizing an independent contractor workforce.

Policy Proposals

- Direct sellers have been formally recognized as independent contractors for almost 35 years under federal law and are also recognized as independent contractors in all 50 states. Any attempt to alter the criteria for independent contractors in the marketplace could have a detrimental impact upon the direct selling channel.
- DSA supports limiting these policy proposals that would have a detrimental impact on the salesforce to "sharing" economy companies, or exempting direct sellers based upon 26 USC § 3508, the direct seller exemption under the federal tax code.