

NEW CALIFORNIA LAW EXPANDS PROTECTIONS FOR FREELANCE WORKERS: WHAT EMPLOYERS MUST KNOW + 5 STEPS YOU CAN TAKE TO COMPLY

Insights
Sep 30, 2024

California just enacted a new law further expanding protections for freelance workers. Beginning in 2025, private employers who hire certain independent contractors will be required to provide a written agreement specifying certain terms and to pay their compensation by certain deadlines. The new law aims to give freelancers “basic worker protections” and the right to be paid on time. We’ll explain everything you need to know and give you five steps you can take to comply.

What Happened?

Governor Gavin Newsom signed [SB 988](#) into law on September 28, which will take effect on January 1 and impose minimum requirements on contracts between freelance workers and hiring parties. The new state law, known as the “Freelance Worker Protection Act” (FWPA), provides similar protections to freelancers as those provided by the [Los Angeles Freelance Worker Protections Ordinance](#), which took effect last year.

Who Must Comply?

The FWPA applies to contracts that are:

- between a “hiring party” and “freelance worker;” and
- entered into or renewed on or after **January 1, 2025**.

Here are the key terms you should know:

Related People



Benjamin M. Ebbink

Partner

[916.210.0400](tel:916.210.0400)



Rosa Hernandez

Associate

[415.490.9002](tel:415.490.9002)

- A **hiring party** means a person or organization in the State of California that retains a freelance worker to provide professional services (other than federal, state, local, or foreign governments or individuals hiring services for the personal benefit of themselves, their family members, or their homestead).
- A **freelance worker** means a person that is hired or retained as a bona fide independent contractor by a hiring party to provide professional services in exchange for **\$250 or more** (either from a single contract or when aggregating all contracts between the same hiring party and the independent contractor during the past 120 days).
- **Professional services** has the same meaning as that provided under AB 5 ([California's landmark independent contractor law](#)), which includes services such as marketing, human resources, travel agent services, graphic design, grant writing, fine artistry, photography, videography, photo editing, freelance writing, translating, editing, illustrating, and others.

What Does the FWPA Require?

Written Contracts

The FWPA requires a hiring party to provide a signed copy of a written contract (either physically or electronically) to the freelance worker and keep a copy of the contract for at least four years. The written contract must include, at minimum, the following information:

- the **name and address** of each party;
- an **itemized list of all services** that will be provided, including the value of those services and the rate and method of compensation;
- the **date the hiring party will pay** the compensation or how the date will be determined; and
- the **date by which the freelance worker will submit a list of services rendered** under the contract to the hiring party to meet the hiring party's internal deadlines for timely payment of compensation.

Written contracts are key for hiring parties to protect themselves in case of disputes over services or payment. The FWPA provides that even when a written contract is not



Serineh Terzyan

Associate

818.230.4266

Service Focus

Wage and Hour

Industry Focus

PEO

Related Offices

Irvine

Los Angeles

Sacramento

San Diego

San Francisco

Woodland Hills

provided, the parties' actions and communications can be evidence that a contract was formed. Actions and communications – such as discussing the rate for services with the freelance worker or the worker completing the tasks they were expected to – can serve as evidence that a contract was formed, even if it was never put into writing.

Timely Payment

The FWPA requires covered freelance workers to be paid:

- on or before the date compensation is due **as specified under the contract**; or
- if the contract does not specify a payment date, **no later than 30 days after the freelance worker completes the services** under the contract.

What Does the FWPA Prohibit?

Discrimination and Retaliation

Under the FWPA, a hiring party may not discriminate or take any adverse action against a freelance worker that penalizes the freelance worker for, or is reasonably likely to deter the freelance worker from, doing any of the following:

- 1. opposing any practice that is prohibited by the FWPA;**
- 2. participating in any proceedings related to enforcement of the FWPA;**
- 3. seeking to enforce any rights provided to them by the FWPA; and**
- 4. otherwise asserting or attempting to assert rights provided by the FWPA.**

Changing Terms As a Condition of Timely Payment

Once a freelancer has started performing services under a contract, the hiring party may not require, as a condition of timely payment, that the freelance worker:

- accept less compensation than specified in the contract;
or
- provide more goods or services or grant more intellectual property rights than they agreed to in the contract.

How Will the FWPA Be Enforced?

A freelance worker may bring a lawsuit to enforce the law and recover the following:

- if the freelance worker requested a written contract prior to beginning work and the hiring entity refused, the freelance worker shall be awarded **an additional \$1,000**.
- if the hiring entity failed to pay the freelance worker the compensation they contracted for within the required timeframe, the freelance worker can recover **up to twice the amount that was unpaid** when payment was due.
- if the freelance worker requested a written contract before beginning work and the hiring entity refused to provide one, the amount unpaid will be determined by **the rate that the freelance worker reasonably understood to apply** to the work.
- if the hiring entity violates any provision of this law, the freelance worker can be awarded **damages equal to the value of the contract or the value of the work performed**, whichever is greater.

5 Steps You Can Take to Comply

Given that the FWPA will apply to almost all private employers that hire or retain independent contractors for professional services, it is crucial for businesses to understand their obligations under the new law. Here are five steps you can take to comply:

- 1. Identify any vendors** that may be classified as “freelance workers” under the FWPA.
- 2. Review existing vendor and contractor agreements** to ensure they comply with the new requirements and **provide updated contracts** as needed.
- 3. Update any existing anti-discrimination and retaliation policies** to include protection for freelance workers.
- 4. Train your hiring managers** on how to comply with the new requirements.
- 5. Timely pay freelance workers** in accordance with the contract or, if no payment date was specified, within 30

days of the freelance worker completing the services under the contract.

Conclusion

If you have any questions regarding how to position yourself and your organization to comply with these requirements, please consult your Fisher Phillips attorney, the authors of this Insight, or any attorney in our California offices. We will continue to monitor events and provide updates as warranted, so make sure you are subscribed to [Fisher Phillips' Insight System](#) to get the most up-to-date information directly to your inbox.