

California Lawmakers Enact ABC Test With No Carveout For Gig Companies

Insights

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Negotiations continued right up until the end, but when the dust settled on California's newest employment law, gig economy companies were not spared from the worst. Yesterday, state lawmakers passed AB 5, the state law that will not only codify the same ABC test introduced to the state in last year's *Dynamex* decision but will take it a few steps further. Although we had long predicted that this law would pass in some form or another, there had always been the hope that an exemption would be built into the law permitting gig economy companies to continue to operate with their traditional independent contractor model without facing the fear of a possible misclassification claim. That possibility never came to pass, however, and most gig economy companies will now be subject to the ABC test starting January 1, 2020. This means either restructuring your operations to ensure you are on the right side of the ABC test, or restructuring your working relationships to classify your workers as employees. To read more about this new law and what it means for your organization, [read our firm's legal alert here](#).

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