State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

HOUSE BILL 2652

AN ACT

AMENDING TITLE 23, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 10; RELATING TO EMPLOYMENT RELATIONSHIPS.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 23, Arizona Revised Statutes, is amended by adding chapter 10, to read:

CHAPTER 10
EMPLOYMENT RELATIONSHIPS
ARTICLE 1. GENERAL PROVISIONS

23-1601. Qualified marketplace contractors: definitions
A. A QUALIFIED MARKETPLACE CONTRACTOR SHALL BE TREATED AS AN INDEPENDENT CONTRACTOR FOR ALL PURPOSES UNDER STATE AND LOCAL LAWS, regulations and ordinances, including employment security laws prescribed in chapter 4 of this title and workers' compensation laws prescribed in chapter 6 of this title, if all of the following apply:
1. All or substantially all of the payment for the services performed by the contractor is related to the performance of services or other output.
2. The services performed by the contractor are governed by a written contract executed between the contractor and a qualified marketplace platform.
3. The written contract required by paragraph 2 of this subsection provides for all of the following:
   (a) That the contractor is providing services as an independent contractor and not as an employee.
   (b) That, pursuant to paragraph 1 of this subsection, all or substantially all of the payment paid to the contractor shall be based on the performance of services or other output.
   (c) That the contractor is allowed to work any hours or schedules the contractor chooses. If the contractor elects to work specified hours or schedules, a contract may require the contractor to perform work during the selected hours or schedules.
   (d) That the contract does not restrict the contractor's ability to perform services for other parties.
   (e) That the contractor bears all or substantially all of the contractor's own expenses that are incurred by the contractor in performing the services.
   (f) That the contractor is responsible for the taxes on the contractor's own income.
   (g) That the contract and the association created by the contract may be terminated without cause by either party to the contract at any time on reasonable notice given to the other party.
B. For services performed by a qualified marketplace contractor before the effective date of this section, the contractor shall be treated as an independent contractor for all purposes under state and local laws, regulations and ordinances, including employment security laws prescribed in chapter 4 of this title and workers' compensation laws prescribed in chapter 6 of this title, if both of the following apply:
1. All or substantially all of the payment for the services performed by the contractor is related to the performance of services or other output.

2. The services performed by the contractor are governed by a written contract executed between the contractor and a qualified marketplace platform that conforms to the requirements of subsection A, paragraph 3 of this section.

C. For the purposes of this section:

1. "Qualified marketplace contractor" or "contractor" means any person or organization, including an individual, corporation, limited liability company, partnership, sole proprietor or other entity, that enters into an agreement with a qualified marketplace platform to use the qualified marketplace platform's digital platform to provide services to third-party individuals or entities seeking those services.

2. "Qualified marketplace platform" means an organization, including a corporation, limited liability company, partnership, sole proprietor or any other entity, that operates a digital platform that facilitates the provision of services by qualified marketplace contractors to third-party individuals or entities seeking those services.