

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)

1 Be it enacted by the Legislature of the State of Arizona:

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

4 CHAPTER 10
5 EMPLOYMENT RELATIONSHIPS
6 ARTICLE 1. GENERAL PROVISIONS

7 23-1601. Qualified marketplace contractors; definitions

8 A. A QUALIFIED MARKETPLACE CONTRACTOR SHALL BE TREATED AS AN
9 INDEPENDENT CONTRACTOR FOR ALL PURPOSES UNDER STATE AND LOCAL LAWS,
10 REGULATIONS AND ORDINANCES, INCLUDING EMPLOYMENT SECURITY LAWS PRESCRIBED IN
11 CHAPTER 4 OF THIS TITLE AND WORKERS' COMPENSATION LAWS PRESCRIBED IN CHAPTER
12 6 OF THIS TITLE, IF ALL OF THE FOLLOWING APPLY:

13 1. ALL OR SUBSTANTIALLY ALL OF THE PAYMENT FOR THE SERVICES PERFORMED
14 BY THE CONTRACTOR IS RELATED TO THE PERFORMANCE OF SERVICES OR OTHER OUTPUT.

15 2. THE SERVICES PERFORMED BY THE CONTRACTOR ARE GOVERNED BY A WRITTEN
16 CONTRACT EXECUTED BETWEEN THE CONTRACTOR AND A QUALIFIED MARKETPLACE
17 PLATFORM.

18 3. THE WRITTEN CONTRACT REQUIRED BY PARAGRAPH 2 OF THIS SUBSECTION
19 PROVIDES FOR ALL OF THE FOLLOWING:

20 (a) THAT THE CONTRACTOR IS PROVIDING SERVICES AS AN INDEPENDENT
21 CONTRACTOR AND NOT AS AN EMPLOYEE.

22 (b) THAT, PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION, ALL OR
23 SUBSTANTIALLY ALL OF THE PAYMENT PAID TO THE CONTRACTOR SHALL BE BASED ON THE
24 PERFORMANCE OF SERVICES OR OTHER OUTPUT.

25 (c) THAT THE CONTRACTOR IS ALLOWED TO WORK ANY HOURS OR SCHEDULES THE
26 CONTRACTOR CHOOSES. IF THE CONTRACTOR ELECTS TO WORK SPECIFIED HOURS OR
27 SCHEDULES, A CONTRACT MAY REQUIRE THE CONTRACTOR TO PERFORM WORK DURING THE
28 SELECTED HOURS OR SCHEDULES.

29 (d) THAT THE CONTRACT DOES NOT RESTRICT THE CONTRACTOR'S ABILITY TO
30 PERFORM SERVICES FOR OTHER PARTIES.

31 (e) THAT THE CONTRACTOR BEARS ALL OR SUBSTANTIALLY ALL OF THE
32 CONTRACTOR'S OWN EXPENSES THAT ARE INCURRED BY THE CONTRACTOR IN PERFORMING
33 THE SERVICES.

34 (f) THAT THE CONTRACTOR IS RESPONSIBLE FOR THE TAXES ON THE
35 CONTRACTOR'S OWN INCOME.

36 (g) THAT THE CONTRACT AND THE ASSOCIATION CREATED BY THE CONTRACT MAY
37 BE TERMINATED WITHOUT CAUSE BY EITHER PARTY TO THE CONTRACT AT ANY TIME ON
38 REASONABLE NOTICE GIVEN TO THE OTHER PARTY.

39 B. FOR SERVICES PERFORMED BY A QUALIFIED MARKETPLACE CONTRACTOR BEFORE
40 THE EFFECTIVE DATE OF THIS SECTION, THE CONTRACTOR SHALL BE TREATED AS AN
41 INDEPENDENT CONTRACTOR FOR ALL PURPOSES UNDER STATE AND LOCAL LAWS,
42 REGULATIONS AND ORDINANCES, INCLUDING EMPLOYMENT SECURITY LAWS PRESCRIBED IN
43 CHAPTER 4 OF THIS TITLE AND WORKERS' COMPENSATION LAWS PRESCRIBED IN CHAPTER
44 6 OF THIS TITLE, IF BOTH OF THE FOLLOWING APPLY:

1 1. ALL OR SUBSTANTIALLY ALL OF THE PAYMENT FOR THE SERVICES PERFORMED
2 BY THE CONTRACTOR IS RELATED TO THE PERFORMANCE OF SERVICES OR OTHER OUTPUT.

3 2. THE SERVICES PERFORMED BY THE CONTRACTOR ARE GOVERNED BY A WRITTEN
4 CONTRACT EXECUTED BETWEEN THE CONTRACTOR AND A QUALIFIED MARKETPLACE PLATFORM
5 THAT CONFORMS TO THE REQUIREMENTS OF SUBSECTION A, PARAGRAPH 3 OF THIS
6 SECTION.

7 C. FOR THE PURPOSES OF THIS SECTION:

8 1. "QUALIFIED MARKETPLACE CONTRACTOR" OR "CONTRACTOR" MEANS ANY PERSON
9 OR ORGANIZATION, INCLUDING AN INDIVIDUAL, CORPORATION, LIMITED LIABILITY
10 COMPANY, PARTNERSHIP, SOLE PROPRIETOR OR OTHER ENTITY, THAT ENTERS INTO AN
11 AGREEMENT WITH A QUALIFIED MARKETPLACE PLATFORM TO USE THE QUALIFIED
12 MARKETPLACE PLATFORM'S DIGITAL PLATFORM TO PROVIDE SERVICES TO THIRD-PARTY
13 INDIVIDUALS OR ENTITIES SEEKING THOSE SERVICES.

14 2. "QUALIFIED MARKETPLACE PLATFORM" MEANS AN ORGANIZATION, INCLUDING A
15 CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP, SOLE PROPRIETOR OR ANY
16 OTHER ENTITY, THAT OPERATES A DIGITAL PLATFORM THAT FACILITATES THE PROVISION
17 OF SERVICES BY QUALIFIED MARKETPLACE CONTRACTORS TO THIRD-PARTY INDIVIDUALS
18 OR ENTITIES SEEKING THOSE SERVICES.