

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 1257 (Delegate Malone)

Economic Matters

Unemployment Insurance - Independent Contractors

This bill provides additional criteria for determining whether or not work is covered employment for the purpose of the Unemployment Insurance Law.

Fiscal Summary

State Effect: None. The bill would not materially affect State operations or finances because the bill's provisions are sufficiently similar to existing regulations promulgated by the Office of Unemployment Insurance [COMAR 09.32.01.18 (B)].

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Bill Summary: Independent contractors are not covered under the Unemployment Insurance Law. Currently, there are three requirements which must be met in order to be an independent contractor who is not covered by unemployment insurance: (1) the individual who performs the work is free from control and direction over the performance of the work both in fact and under the contract; (2) the individual is customarily engaged in an independent business or occupation of the same nature as that involved in the work; and (3) the work is outside of the usual course of business of the person for whom the work is performed or outside any place of business of the person for whom the work is performed.

The bill provides nine additional requirements which must be met in order to receive independent contractor status: (1) the individual maintains a separate business including the individual's own office, equipment, materials, and other facilities; (2) the individual holds or

has applied for a federal employer identification number; (3) the individual operates under contracts to perform work or services for specific amounts of money and controls the means of performing the work or services; (4) the individual incurs expenses related to work or services the individual performs under contract; (5) the individual is responsible for satisfactory completion of work or services that the individual contracts to perform and is liable for failure to complete the service; (6) the individual receives compensation for work or services performed under contract on a commission, per job, or competitive bid basis; (7) the individual realizes a profit or suffers a loss under contracts to perform work or services; (8) the individual has continuing or recurring business liabilities or obligations; and (9) the individual has a business whose success or failure depends on the relationship of business receipts to expenditures.

Information Sources: Department of Labor, Licensing, and Regulation (Office of Unemployment Insurance)

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