

The City of Seattle Independent Contractor Protections Ordinance

A Guide for Independent Contractors

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Seattle
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What you need to know as an Independent Contractor

About this Guide

It is commonly known that independent contractors are generally not afforded the same rights and protections as employees. As a result, independent contractors often face challenges such as non-payment or late payments and insufficient information surrounding the terms and conditions of the services they are hired to provide.

The Seattle City Council sought to address these issues with the passing of the Independent Contractor Protections Ordinance (ICPO), which provides certain workplace rights for independent contractors who provide services within the city of Seattle. Under the new law, individuals and businesses (referred to as “**hiring entities**”)

that hire independent contractors are required to **(1)** provide independent contractors with certain written notices about the services to be rendered also known as **disclosures**, and **(2)** make timely payment to independent contractors. The law also imposes penalties on hiring entities that fail to comply with their obligations under the ICPO.

This guide is designed to inform independent contractors of their new rights under this new ordinance as well as available legal remedies and enforcement actions to take when hiring entities fail to comply with their obligations under the ICPO. Read below to learn more.

Acknowledgements

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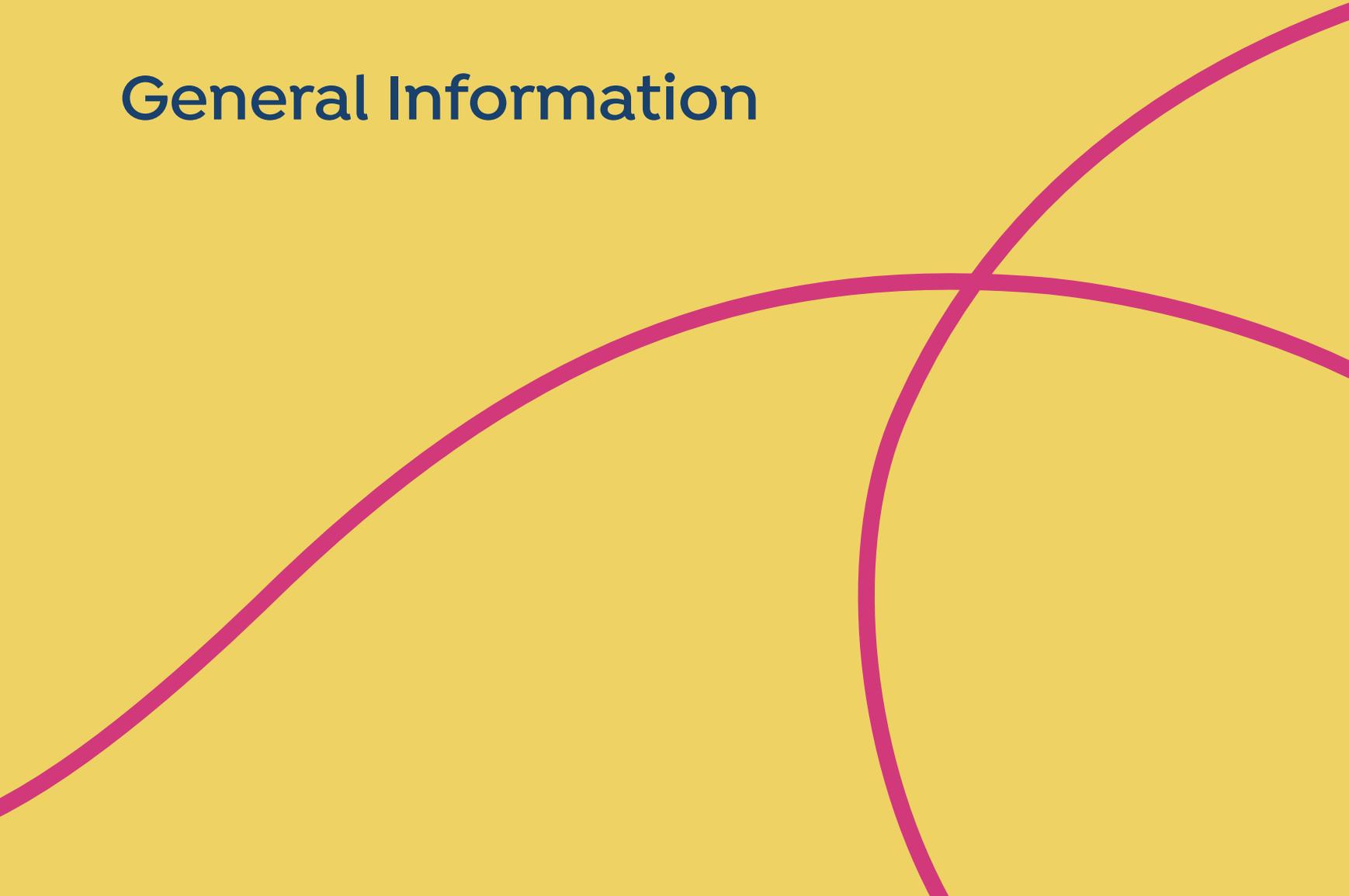
How to use this Guide

This Guide is set in an FAQ, frequently asked questions format. We have grouped the frequently asked questions into the following sections:

1. [General information](#)
2. [Does this new law protect me as an Independent Contractor?](#)
3. [Does this new law apply to services I provide as an Independent Contractor?](#)
4. [What are the new rights of protected Independent Contractors under this new law?](#)
5. [How is this new law enforced?](#)
6. [Resources](#)



General Information



1 General Information

A. What is the new law and when does it go into effect?

The City of Seattle made a new ordinance or law regarding the hiring of independent contractors. The new law is called the Independent Contractor Protections Ordinance (ICPO). The new law or rule became effective on September 1, 2022. It was designed to protect independent contractors from delayed and/or non-payments and ensure they have adequate information about the terms and conditions of their work. Under the law, individuals and businesses (referred to as “hiring entities”) that hire independent contractors are required to provide the workers with certain **written notices** and **timely payment**.

B. Where can I find a copy of this new law about independent contractors “ICPO”?

The [ICPO](#) and the administrative rules that apply to the new law, [SHRR 220](#) and [SHRR 140](#), may be found on the [The City of Seattle Office of Labor Standards ICPO webpage](#).

C. Does the City of Seattle, Office of Labor Standards (“OLS”) provide interpretation services or assistance in languages besides English?

Yes. If needed, OLS will arrange for an interpreter (free of charge) to assist with communication with a covered independent contractor. Those interested can reach OLS via phone at (206) 256-5297 or the online inquiry form via the [worker resources page](#). OLS has a multilingual voicemail system with many languages accessible for phone contacts. The online inquiry form asks folks to identify language interpretation or other accommodations needed. Interpreters are available for online or in-person meetings.

D. What if an independent contractor has a question or wants to report a violation of the new law?

Covered independent contractors may submit a question or complaint to OLS by calling (206) 256-5297, emailing workers.laborstandards@seattle.gov, or using the [OLS Worker Inquiry Form](#). OLS Worker

Intake staff will follow up regarding worker inquiries. OLS may open an investigation against hiring entities for violation of the ICPO and help independent contractors recover payments owed to them. Where possible, OLS will protect the identifying information of independent contractors who report violations and witnesses who provide information during investigations, however, OLS may need to release the name of an independent contractor who is owed payment.

E. Does immigration status affect the application of this new law?

No. The immigration status of a hiring entity or independent contractor will not affect the protections they are otherwise owed under the ICPO.

Does this new law
protect me as
an Independent
Contractor?



2 Does this New Law Protect me as an Independent Contractor?

A. Are all independent contractors required to comply with the ICPO?

No. The ICPO applies to **covered independent contractors** who are hired by **commercial hiring entities** to provide **covered services** described in the law. See below for definition of these terms.

B. Who is a covered independent contractor?

The ICPO defines an “independent contractor” as a self-employed person. Generally independent contractors are hired by a hiring entity to provide services in exchange for compensation. An independent contractor may be a sole proprietor, LLC or corporation that has no employees and is **made up of only one person**. A covered independent contractor refers to independent contractors that fall within the definition under the ICPO.

C. Which independent contractors are not covered under this new law?

Excluded from the new law are attorneys, workers who only lease workspace from the hiring entity (such as hair stylists renting booths at a salon), and contractors who have employees. The ICPO does not protect employees of hiring entities. Also, as a result of the enactment of a recent state law, those who work for a Transportation Network Company (such as Uber or Lyft) will not be covered by the law effective January 1, 2023.

D. Why does the new law exclude independent contractors who have employees or business partners?

The Seattle City Council most likely wanted to provide protections to the most vulnerable workers who have the least bargaining power. An independent contractor who has business partners or generates enough income to hire employees may have more bargaining power than an individual independent contractor with no employees.

E. What is a hiring entity?

A “hiring entity” is a sole proprietor, LLC, corporation, partnership, nonprofit organization, or other entity that hires an independent contractor to provide services to the hiring entity or a third party. Being a covered hiring entity simply refers to businesses that fall within the definition under the ICPO. Read on for examples of covered hiring entities.

The ICPO only applies to **commercial hiring entities**, which means hiring entities that are regularly engaged in any trade, occupation, or business, including not-for-profit businesses.

Example of covered hiring entity:

An LLC which hires an independent contractor to provide in-home child care for the customers or employees of the LLC or as part of their business would be covered by the ICPO.

Example of a hiring entity NOT covered:

An individual who hires an independent contractor to provide in-home childcare for their own child would not be covered by the ICPO because the individual is hiring the independent contractor to provide personal services, not services for a business or commercial purpose. **But note:** this situation may be covered by other laws.

**Does this new law apply to
the services I provide as an
Independent Contractor?**



3 Does this new law apply to the services I provide as an Independent Contractor?

A. Does the ICPO govern every contract for the services of an Independent Contractor?

No. The ordinance does not govern every kind of contract for services performed by an independent contractor for a hiring entity. Covered contracts for services under the ICPO must satisfy both of the following requirements:

1. Location of Services must be in Seattle:

The services provided by an independent contractor must be performed in whole or in part within the City of Seattle, and the hiring entity must know or have reason to know that the services will be performed in whole or in part in Seattle. Note that the new law will not apply to services performed outside Seattle even if the hiring entity resides in Seattle.

Example 1: How would a hiring entity know or have reason to know that the services will be performed in Seattle? (1) the hiring entity might specify or provide a location in Seattle where the work will be performed, (2) the hiring entity might know that the Independent Contractor lives or has a place of business in Seattle, or (3) the work itself might require the Independent Contractor to do certain things in Seattle.

Example 2: What if the independent contractor drives through Seattle?

Traveling through Seattle, without stopping in the city for a work-related or commercial reason does not count as a covered service under the ICPO. A stop in Seattle for refueling or personal meals or errands is not considered a work-related or commercial stop.

2. Amount of Compensation for Services is at least \$600:

The proposed or actual fees payable to the independent contractor must be \$600 or more, or reasonably expected to be \$600 or more, either on a one-time basis or as the combined total for all services provided by the independent contractor for the hiring entity during the calendar year (January through December).

What are the new rights
of protected independent
contractors under this
new law?



4 What are the new rights for covered Independent Contractors under this new law?

Under the new law, covered independent contractors are now entitled to written notices about the terms and services of their work before the work begins and at the time of payment.

I. Notice Rights

A. What information must a hiring entity disclose to independent contractors and when?

Before the work begins, hiring entities must provide the following written notices to independent contractors:

1. A **notice of rights** must be provided in English and the independent contractor's primary language. This is a written notice of the independent contractor's rights arising under the new ordinance. Download the notice of rights [here](#); and
2. A **pre-work written notice** specifying the proposed terms and conditions of work such as the date, name and work location of the independent contractor and the hiring entity, description of the work and work location(s), compensation details and payment schedule. A sample pre-work written notice may be found [here](#). Hiring entities are not required to use the sample form and any written notice such as an email or text exchange that includes the required terms and conditions will meet the obligations of the ICPO.

At the time of payment, hiring entities must provide the following written notice to independent contractors:

3. An **itemized payment notice** specifying payment information, including the description of services performed, location(s) of services provided, rate(s) of pay, pay basis, and other compensation, and any deductions, fees, or other charges. A sample form itemized payment notice may be found [here](#).

B. What is the purpose of these written notices?

Previously, independent contractors often were provided little information about the terms and conditions of the services that they rendered to hiring entities. The purpose of these notices is to provide independent contractors with certain required information before the work begins and prevent any confusion about the terms, conditions, and payment for the services to be rendered.

C. Where can I find templates in various languages?

The City of Seattle Office of Labor Standards has templates in other languages [here](#). The resources can be found by clicking the desired language and searching that webpage. Upon request, OLS will translate any document into the language of your choice.

D. What if a hiring entity fails to provide a pre-work written notice to an Independent Contractor?

If an independent contractor performs the agreed-upon work for a hiring entity and the hiring entity does not provide the required pre-work written notice, it will be presumed that whatever the independent contractor claims were the terms of the agreement are the actual terms of the agreement, unless the hiring entity can show by clear and convincing evidence (such as with a written contract) that there was some other agreement between the parties.

E. What if the terms of the work or payment change after the initial pre-work written notice?

Hiring entities must provide an independent contractor with a written notice of any change to the information in the original pre-work written notice. The written notice of changes should be provided before the change takes place.

If there are six or fewer items being changed, then the **written notice of changes** only needs to include the items being changed. If there are more than six items being changed, then the hiring entity must issue a **revised pre-work written notice** with all of the required terms.

What are the new rights for covered Independent Contractors under this new law?

II. Timely Payment Rights

Under the ICPO, independent contractors also have rights to timely payments for the services rendered. See below for what “timely payment” means.

A. What does timely payment mean?

“**Timely payment**” under the ICPO means the time specified in the terms of the contract or pre-work written notice, **OR**, if the contract does not specify when payment will be due, no later than 30 days after the independent contractor completes the work.

B. What if a hiring entity refuses to pay what was stated in the pre-work written notice after the work is completed?

Unless the hiring entity is able to prove that a subsequent agreement was reached prior to the work beginning, the pre-work written notice sets the terms for timely payment under the new law. This means that nonpayment by the hiring entity would be a violation of the ICPO (if there is no subsequent agreement) and the independent contractor may be entitled to receive the amount of unpaid compensation, interest, liquidated damages of up to twice the amount of unpaid compensation, and a civil penalty.

C. Can a hiring entity pay less than the agreed compensation if they are not happy with the independent contractor’s work?

No. Once the independent contractor has started work under the pre-work written notice or contract, the hiring entity may not require the independent contractor to accept less than the amount stated in the contract or pre-work written notice.

D. Does the new law require that independent contractors be paid minimum rates or amounts?

No. The ICPO requires timely payment of the agreed-upon compensation to the independent contractor, but it does not require any minimum amounts that must be paid.

How is this new
law enforced?



5 How is this new law enforced?

A. What are the penalties if a hiring entity fails to comply with the new law?

If a hiring entity does not comply with the ICPO, the Seattle Office of Labor Standards (OLS) may investigate and require payment of unpaid compensation, liquidated damages of two times the amount of unpaid compensation, penalties (up to \$5,565.10 or 10% of the amount of unpaid compensation for each independent contractor), fines, interest, and attorneys' fees. Failure to comply with the ICPO also may result in denial, revocation, or refusal to renew a hiring entity's Seattle business license.

In addition, an independent contractor who suffers an injury as a result of a violation of the ICPO may sue the hiring entity in court and may be awarded the same damages, interest, and attorneys' fees and costs.

B. What is retaliation? How does the new law protect workers from retaliation?

Hiring entities are not allowed to take any adverse action or to discriminate against an independent contractor because they exercised their rights under the ICPO in good faith.

"Adverse actions" include denying the independent contractor access to work, offering less desirable work, terminating, deactivating, or taking other actions that would dissuade a reasonable person from exercising a right afforded by the law. Rights protected by the ICPO include making inquiries about rights provided under the law, informing others about their rights under the law, filing a complaint about an alleged violation of the law, and participating in an investigation of an alleged violation of the law.

C. Does compliance with the new law mean that the independent contractor has been correctly categorized as an independent contractor rather than an employee?

Complying with the requirements of the ICPO does not mean that a person who performed services for a hiring entity was properly classified as an independent contractor under applicable federal, state, or local laws.

Determining whether a worker is improperly classified as an independent contractor, rather than as an employee, depends on the nature of the relationship between the worker and the hiring entity. More information about the test for employee vs. independent contractor status may be found [here](#).

Resources



6 Resources

A. Webinars for Independent Contractors and Hiring Entities

[Communities Rise](#) will be hosting two webinars in early 2023. One webinar will be for independent contractors and the other for hiring entities. Please join us to learn more about the ICPO. Representatives from the Office of Labor Standards will be present at the webinar and available for questions. Please be sure to keep an eye on our [upcoming events](#) for more information.

C. Helpful Links

[Independent Contractor Protections \(ICP\) Graphic Poster](#)

[Independent Contractor Protections Ordinance OLS website](#)

[A Guide for Hiring Entities can be found on the CR Small Business Resources webpage](#)

B. Communities Rise Legal Services for Low-income Business Owners

Communities Rise is proud to offer free legal support to eligible low-income BIPOC business owners. Communities Rise provides free legal clinics and trainings on a variety of topics throughout the year. Information on upcoming clinic dates and trainings can be found on our [upcoming events page](#). Feel free to reach us on our [contact page](#) or send us an email at smallbiz@communities-rise.org for any questions.

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