



One Hundred First Legislature - First Session - 2009
Introducer's Statement of Intent
LB 563

Chairperson: Steve Lathrop
Committee: Business and Labor
Date of Hearing: March 2, 2009

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 563, the Contractor Employee Classification Act, addresses the problem of misclassification of employees as independent contractors. Misclassification hurts employees, legitimate employers and the State. When a contractor misclassifies an employee, the employee is ineligible for unemployment and workers' compensation benefits, loses labor law protections and does not receive employer-provided health insurance. Misclassification creates an unfair advantage to unscrupulous contractors who are able to outbid law abiding employers who must take into account the payment of taxes and insurance premiums when bidding for jobs. The State's loss in revenue negatively affects the funding of essential programs such as unemployment benefits.

To address this issue, LB 563 creates a cause of action for the misclassified employee, the Department of Labor and the Department of Revenue against the contractor. Remedies under the act include: that amount of taxes that would have been paid or withheld, the difference in compensation between what was actually paid and the average wage for like work and attorney's fees and costs.

LB 563 directs contractors to post at job sites the rights enumerated under the act. LB 563 further prohibits retaliation against an employee from exercising any right granted under the act.

Principal Introducer:

Senator Steve Lathrop