

Put it in Writing: Los Angeles Imposes New Requirements on Employers of Independent Contractors

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As readers may know, [the Los Angeles Freelance Worker Protections Ordinance](#) took effect on July 1, 2023. The new law imposes additional requirements on businesses in the City of Los Angeles who have contracts with freelance workers.

Perhaps most notably, for any contract between a hiring entity and a freelance worker valued at \$600 or more, the contract must be in writing and include:

- the name, mailing address, phone number, and email address of both the hiring entity and the freelance worker;
- an itemization of all services to be provided by the freelance worker, the value of the services to be provided pursuant to the contract, and the rate and method of compensation; and
- the date by which the hiring entity must pay the contracted compensation or the manner by which such date will be determined.

The ordinance defines a “freelance worker” as a natural person or an entity hired or engaged as a bona fide independent contractor to perform services for a “hiring entity” in exchange for compensation. A “hiring entity” is an entity regularly engaged in business or commercial activity, including owning or operating a trade or business, a non-profit business, or an entity that represents itself as engaging in any trade or business.

The ordinance also creates a new gap-filler provision regarding timing of payment and imposes new recordkeeping requirements on hiring entities and freelance workers alike. If the written contract does not provide a due date, or if there is no written contract, a freelance worker must be fully paid no later than 30 calendar days after services are rendered. Additionally, freelance workers *and* hiring entities must each retain written records related to this ordinance for no less than four years, including contracts, payment records, and any other written or electronic records to demonstrate compliance with the ordinance.

Despite the ordinance's broad reach, some enumerated parties are excluded from coverage. Notably, the ordinance does not apply to entities that hire app-based transportation and delivery drivers to provide prearranged services. Additionally, the ordinance excludes any freelance worker that: (1) is already required by law to have a written agreement to provide services in exchange for compensation; (2) is already an employee of the hiring entity; (3) agrees to perform services for the hiring entity at no pay; or (4) has employees other than the one individual natural person who is the sole legal and beneficial owner.

The ordinance prohibits employers from retaliating against any freelance workers for exercising rights under the new law or for opposing any practice banned by the ordinance. The ordinance also imposes additional damages and remedies, including attorney's fees and costs.

Employers who hire independent contractors should examine their related policies and practices carefully and consult with counsel.

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