Proskauer

California Supreme Court Delivers Big Win for Gig Companies

California Employment Law Update on **July 29, 2024**

On July 25, 2024, the California Supreme Court upheld the constitutionality of Proposition 22, the law allowing gig economy workers to be classified as independent contractors. The decision ends a nearly four-year legal battle over the law's constitutionality and constitutes a major victory for gig economy giants like Uber, Lyft, and DoorDash.

Since Prop 22 was passed by California voters in 2020, companies have been permitted to classify their rideshare and delivery drivers as independent contractors. However, workers that are classified as independent contractors are not generally eligible for workers' compensation benefits.

The plaintiff in *Castellanos v. State of California* sought to attack that aspect of the law, arguing that Prop 22 conflicts with Article XIV Section 4 of the California Constitution, which grants the Legislature unlimited plenary power to create and enforce a workers' compensation system through legislation.

The California Supreme Court disagreed, holding that Prop 22 does not interfere with the Legislature's constitutional powers to oversee workers' compensation. In particular, it found that the Legislature does not have sole authority to govern workers' compensation, and California voters may pass initiatives on the matter.

Although the decision means that Prop 22 lives to see another day, the legal questions surrounding this controversial law are not over. For example, the decision left open the question of whether the Legislature can pass laws to extend workers' compensation benefits to gig workers. We will continue to monitor what happens next.

View original.

Related Professionals

- **Gregory W. Knopp**
  Partner

- **Laura L. Vaughn**
  Associate