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Dynamex Case Brings Big Change to Worker Classification in California

The California Supreme Court's April 30 opinion in *Dynamex Operations West, Inc. v. Superior Court of Los Angeles* has significantly changed the circumstances under which a California employer can classify a worker as an independent contractor as opposed to an employee.

The decision establishes a presumption that every worker is an employee, and imposes on the employer the burden of proving otherwise. The opinion also establishes a new (in California), narrower test, known as the "ABC test," for determining whether a given worker can be classified as an independent contractor. In order for a worker to be classified as an independent contractor, the worker must satisfy **all of the test's three prongs**:

A. The worker is free from the control and direction of the hirer in connection with the performance of the work, both under the contract for the performance of such work and in fact.
B. The worker performs work that is outside the usual course of the hiring entity's business.
C. The worker is customarily engaged in an independently established trade, occupation or business of the same nature as the work performed for the hiring entity.

Following the *Dynamex* ruling, any employer in California that classifies, or intends to classify, any worker as an independent contractor should consult with knowledgeable employment counsel to evaluate whether such classification remains a viable option. Existing independent contractor agreements may need to be revised, and employers that have relied heavily to date on independent contractors may need to reassess their business models.

Here are links to some commentaries on the case by employment law experts:

The Dynamex Decision: The California Supreme Court Restricts Use of Independent Contractors

Employee or Independent Contractor? California Supreme Court Adopts New Test for Worker Classification

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