



MEDIA RELEASE

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California Small Businesses Mobilize on Job Killer Legislation

SACRAMENTO, CALIF. – JUNE 2, 2011. CalSmallBiz, California's newest small business association, mobilized its resources this week against what it sees as this year's greatest job killing bill.

Senate Bill 459, by Senator Ellen Corbett (D-San Leandro), sailed through the State Senate on a 23-12 vote today, and seeks to penalize small businesses, up to \$15,000 for each offense, for misclassifying employees as independent contractors.

The measure is so poorly written that it will result in years of costly litigation and siphon money away from income. "Californians would rather have a job as an independent contractor," says Matt Gray, President & CEO for CalSmallBiz, "than no job at all right now."

SB 459 will result in years of costly litigation, borne on the backs of taxpayers, because it hinges upon the word "willful" without ever defining it. Even if a small business acted in good faith and on the advice of an attorney, it would still be liable.

According to Gray, "Small businesses are the largest employers in the state and the backbone of our economy. California already has the worst business climate because of excessive regulation."

SB 459 opens the door for lawsuits because something as simple as checking off a box on a form would result in the small business losing the lawsuit and paying for all attorney fees, plus fines.

"Even the IRS allows exceptions for businesses that act in good faith and on the advice of legal counsel," says Gray. "But SB 459 tramples and fleeces small businesses without exception, creating a feeding frenzy for greedy attorneys."

SB 459 is severely flawed, including on page 3, line 7, Section 226.8 (a)(2), "Charging an individual ... a fee, or making any deductions from compensation, *for any purpose*, including for goods, materials, space rental, *services.....*" This would include deductions from compensation for the employee's personal meals charged and eaten on site, for health insurance, and for personal use of a work vehicle.

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