



IA Testimony – Joint Budget Hearing on Workforce Development

Thank you to the committee for the opportunity to offer Internet Association’s comments on the proposed 2021 Executive Budget. My name is John Olsen, and I am the Director of State Government Affairs in the Northeast Region for IA.

IA’s mission is to foster innovation, promote economic growth, and empower people through the free and open internet. The internet creates unprecedented benefits for society, and as the voice of the world's leading internet companies, we ensure stakeholders understand these benefits.

IA is offering comments related to Part GGG of the Transportation, Economic Development, and Environmental Conservation Budget regarding the creation of a digital marketplace worker classification task force and the definition of digital marketplace worker. IA has concerns with provisions in the language for Part GGG that provides for the classification of workers through regulations from the Department of Labor through the application of a problematic test that the internet industry has observed cause significant upheaval in the independent contractor and freelance markets in other states.

In California last year, Governor Newsom signed into law a bill that codifies a so-called “ABC” test which has created a standard that even California recognizes is unworkable for vast sectors of the economy. There is a need to examine the whole diverse industry to avoid the push for dozens of exemptions that occurred in California before passage of the bill and to construct smart and balanced regulations informed by data, but reflective of these modern forms of work. Controversial legislation to alter New Jersey’s ABC law was introduced late in 2019. This bill has galvanized industries like the trucking industry and freelance writers to oppose the bill as it would effectively reduce their income and remove the flexibility they enjoy operating as independent contractors. This bill was introduced at the request of labor and without any stakeholder input during New Jersey’s “lame duck” legislative session. Industry continues to monitor the efforts in New Jersey and other state during the new session this year.

New York has already taken major steps in the direction of providing increased benefits to gig workers through the Black Car Fund, which provides such benefits to black car, limousine, and transportation network company drivers. There are other mechanisms, such as the Jockey Injury Compensation Fund, in the state to provide benefits to select groups of workers as well. IA would encourage the legislature and the Governor to look beyond the mistakes of California and work with members of the gig economy who would be directly impacted by proposed DOL regulations.



IA welcomes the creation of a digital marketplace worker taskforce that includes members of the industry and labor and the Association should absolutely be included on the taskforce. We would encourage the Governor not to wait for the passage of a budget to constitute this taskforce as the issue is incredibly complex with no clear roadmap on how to modernize labor laws to reflect a 21st century workforce. We would recommend extending the deadline beyond May 1st as suggested in the budget language if the taskforce is authorized through the adoption of the budget on or before April 1st.

Thanks to technology and the internet, an increasing number of New Yorkers can find flexible, independent work opportunities. The flexibility and variety this new type of work affords is cited as the main reason workers choose to participate in the digital marketplace economy. From dog walking to driving, many residents of this state have chosen to supplement their income with side work they find through the internet. Others earn a living by performing their trade for an expanded customer base using internet platforms. Small businesses throughout the state can thrive in the digital era by partnering with technology platforms like those we represent, bringing greater economic activity to our cities and towns. In many ways, the gig economy has helped create more opportunities to generate income for a younger generation struggling to pay off debts or live independently in a challenging job market. At its foundation, the gig economy is about removing barriers and allowing individuals to more efficiently utilize their time, earn income from their passions and hobbies, and better utilize assets or liabilities as a source of income.

The range of platforms today makes it nearly impossible to concisely define the gig economy, which includes the sharing economy, freelancers, salon workers, delivery services, tradesman, etc. While workers on some platforms may stand to benefit from a more structured employment model, many choose the independent contractor model to fit their preferred work and life schedules. IA urges the legislature to consider the impacts of legislation requiring more workers to be classified as employees and how this removes the flexibility to work across multiple platforms, set their own hours, and decide when and if they want to perform a certain task.

IA's membership consists of many different platforms that utilize independent contractors in different ways. Internet Association is uniquely positioned to provide insight into crafting model regulation that emphasizes the need to allow workers to retain their right to choice and flexibility while also ensuring that those workers get real benefits, earn a living wage, and have a voice in what their future looks like. New York State has an opportunity to do something groundbreaking and come up with a new path that serves as a model for other states or the nation. IA stands ready to help in any way it can to ensure New York provides thoughtful leadership on this important issue.