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Good morning,

My name is Chad Heinrich. I am the State Director for National Federation of Independent Business NFIB.

NFIB is Arizona's leading small business advocacy association. Its membership spans the spectrum of business operations, ranging from sole proprietor businesses to firms with hundreds of employees. NFIB's mission is to promote and protect the right of its members to own, operate, and grow their businesses. We do this through advocacy in every State Capitol and Washington DC.

Small business is big in Arizona. We are a small business state. Collectively small businesses employ about 1 million Arizonans.

Thousands of small businesses choose to do business as independent contractors. These are businesses that both consumers and other businesses rely on every day. The owners of these businesses choose to be independent contractors because of the flexibility it affords them, and the independence it allows by enabling them to run their own business and be their own boss. They do not want to be converted into full-time employees, and many fear that they will end up losing clients because of this law.

The PRO Act would significantly restrict the rights of independent contractors and make it illegal to hire an independent contractor for any tasks deemed within the usual line of work of a business.

This is problematic for businesses that rely on independent contractors and the thousands of NFIB members who choose to act as independent contractors.

The PRO Act includes a test to determine independent contractor status. This type of policy has proven to be a problem for businesses in California.

California adopted a strict three-part test to classify independent contractors. This has been a significant problem for California's small businesses. Why would we want to subject the country to such a complicated process?

When California first adopted this test, they had to immediately carve out dozens of exceptions because it was unworkable. The PRO Act has no such exceptions. In addition, the law was litigated and the state Supreme Court in California had to step in to interpret how to apply the law in practice.

Arizona's policymakers have went in the complete opposite direction as California in support of small business and efforts to simplify the contractor relationship. In 2016 NFIB championed Arizona legislation establishing a Declaration of Independent Business Status (DIBS). Arizona businesses can formalize their relationships with independent contractors by having the contractor sign a declaration that creates a rebuttable presumption that an independent contractor relationship exists.

This is yet one more policy in the PRO act that is clearly in opposition to the business climate that has brought Arizona to the forefront of economic growth.

Our small business community and the millions of Arizonans who depend on it are counting on our U.S. senators to put a stop to the PRO Act.

The numbers are clear and unequivocal. NFIB members are strongly opposed to the PRO Act:

- 79% of members believe that employers should not be required to recognize unions by way of signed authorization cards. The legislation would remove the right of workers to hold a secret ballot regarding if they should or should not join a union.
- 70% of NFIB members oppose repealing state “Right to Work” laws. The PRO Act would abolish state “Right to Work” laws and would require all employees to contribute fees to a labor organization even if the employee is not a member of the labor organization.
- 95% of members believe small businesses should be able to hire independent contractors to perform tasks essential to their business. The PRO Act includes a stricter version of California’s “ABC” independent contractor laws that forced the state of California to immediately carve out dozens of exceptions – the PRO Act has no such exceptions.
- 89% of members oppose requiring a contractor to be responsible for a subcontractor’s hiring process.

Thank you.