

STATEMENT OF PURPOSE

RS25884C1

The legislation effectively codifies the traditional joint employer standard of 'direct and immediate control' for purposes of state law and protects businesses in those states from certain joint employment claims. It codifies the multi decade status quo, eliminating uncertainty created by the NLRB 'indirect or potential to exert indirect control' standard. Additionally, this bill provides clarity to state agencies when they are presented with joint employment claims. For decades, the test to determine joint employment was based on having 'direct and immediate' control over the employment conditions of an employee. When the NLRB moved that test to one of indirect control or the potential to exert indirect control, it took what was a bright line and made it blurry at best. As agencies across the country look to the NLRB for the latest interpretation of joint employment, this legislation restores a bright line and certainty. When faced with a question of joint employment within franchising, the legislation removes any uncertainty created by decisions made in Washington, DC. The legislation does nothing to impact existing worker rights and in no way limits potential redress of any employment claims an employee may have. The legislation simply makes clear a franchisee is the owner of the business and the ultimate employer of any individuals who works in that business and a franchisee's employees are not employees of the franchisor.

FISCAL NOTE

There is no fiscal impact to the state's general budget since this is a private business issue.

Contact:

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).