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February 16, 2016

Vermont House Committee on Commerce and
Economic Development
115 State Street
Montpelier, VT 05633-5301

Re: Proposed Amendment to HB 773: An Act Relating to Classification of Employees and Independent Contractors

Dear Members of the House Committee on Commerce and Economic Development:

The Direct Selling Association (“DSA”) would like to **offer an amendment to HB 773 sponsored by Chairman William Botzow**. This bill would expand coverage under the workers compensation statute (21 V.S.A. Section 601) by imposing a presumption of employment for any person who performs services for remuneration. This presumption of employment is not consistent with treatment of direct sellers as statutory non-employees under the Vermont unemployment compensation statute unanimously passed by the General Assembly in 2006. **DSA suggests exempting direct sellers from coverage under the workers’ compensation statute as statutory non-employees similar to 21 V.S.A. § 1301(C)(xxi) in the unemployment compensation statute.**

The Direct Selling Association (DSA) is the national trade association for companies that market products and services directly to consumers through an independent, entrepreneurial sales force. In 2014, over 24,000 people in Vermont engaged in direct selling, typically on a part-time basis to their neighbors, relatives and friends to supplement their family incomes, generating approximately \$47.8 million in sales each year to the state. Nationwide, 18 million Americans were involved in direct selling in every state, Congressional district and community in the United States, contributing over \$34 billion in sales to the economy.

In 2006, the General Assembly unanimously passed HB 717, legislation that defined direct sellers as statutory non-employees and exempting them from payment of unemployment compensation. The bill was supported by the Vermont Department of Labor as an opportunity to preserve direct sellers’ status as statutory non-employees under the unemployment compensation statute consistent with 33 (now 37) other states.

DSA supports Chairman Botzow’s good intentions of preventing misclassification of employees, but believes the unemployment compensation statute and workers’ compensation statute should treat direct sellers consistently as statutory non-employees. For the foregoing reasons, **the Direct Selling Association respectfully asks that HB 773 be amended to exempt direct sellers from coverage under the workers’ compensation statute as statutory non-employees similar to 21 V.S.A. § 1301(C)(xxi) in the unemployment compensation statute.**

I have attached proposed amendment language for your consideration to be included in HB 773.
Thank you.

Sincerely,

Brian Bennett
Attorney & Manager, Government Relations
Direct Selling Association