



## **Independent Contractor Examples/Comments from VT Tech Businesses**

**House Commerce and Economic Development Committee- February 3, 2016**

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*Here are some sample comments from tech companies I've received about the use of independent contractors (specific business names removed)*

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We hired a subcontractor for our IT work and server maintenance. He is employed by another company full time and has his own IT service and consulting business. We tell him when we want work done, not how to do it, and he takes care of it remotely. He also has other IT clients he does work for aside from our business. The DOL wanted to classify him as an employee, and we had quite a difficult time convincing them he was indeed a subcontractor.

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We had an employee that left our employ and created her own website development business. We hired her to do work on our website, such as updating our newsletter, posting new employee info, posting a blog. The only direction she received from us was the deadline to get the job done and content. How and when they were completed were her decisions. Because she had done this type of work while an employee, we had to classify her as such, as the DOL did not consider her a “subcontractor,” even though she did work for other clients as well.

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My issues were specific to overzealous targeting of small technology businesses that use a fluid workforce to support technology business customers. The field auditors have a quota like sales people. I feel technology businesses are targeted unfairly.

One example was the use of a business out of Rutland that did some work for one of our customers located in Rutland. It was easier for the customer and for us to use a local tech firm. The company has been an established business for over 20 years. They are a sole proprietorship with their own business plan and customers. I do not control him

nor does he have a contract with me or work for me on a regular basis. The field auditor classified him as our “employee” and charged us penalties and interest. Had I contracted with someone based in New Hampshire, I would not have had an issue. Live and learn.

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We are using a few independent contractors (advisers) - some are advising us for less than 50 hours per year. My lawyer has warned me about how aggressive the state is at reclassifying contractors and employees and that I could be in trouble for using them.

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In a nutshell, my company is competing in a global environment, and we are more competitive and effective when we can easily bring together on-demand specialists to complete project-specific work. From my perspective, this is the way the world is moving anyway. It would be great if we could incentivize and make it easier for Vermonters to leverage contractors, or be contractors.

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