

1 AN ACT relating to misclassification of employees in the Commonwealth and
2 providing a remedy.

3 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

4 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 337 IS CREATED TO
5 READ AS FOLLOWS:

6 *(1) Any employer who misclassifies an employee as an independent contractor and*
7 *thereby pays less than wages and overtime compensation to which the employee is*
8 *entitled under this chapter shall be liable:*

9 *(a) To the employee for the full amount of the wages and overtime*
10 *compensation, less any amount actually paid to the employee by the*
11 *employer;*

12 *(b) To the misclassified employee for an additional sum of the full amount of*
13 *wages and overtime compensation owed to the employee as liquidated*
14 *damages; and*

15 *(c) For the employee's court costs and reasonable attorney's fees, as may be*
16 *allowed by the court;*

17 *(2) An employee who alleges misclassification as an independent contractor may*
18 *bring a private action or may request the commissioner take an assignment of the*
19 *wage claim to bring any legal action necessary on behalf of the employee to*
20 *collect wages owed. The employer shall pay the commissioner any costs and*
21 *reasonable attorney's fees as may be allowed by the court. Employees of the same*
22 *employer may elect to join their claims in a collective action.*

23 ➔Section 2. KRS 337.010 is amended to read as follows:

24 (1) As used in this chapter, unless the context requires otherwise:

25 (a) "Commissioner" means the commissioner of the Department of Workplace
26 Standards under the direction and supervision of the secretary of the Labor
27 Cabinet;

- 1 (b) "Department" means the Department of Workplace Standards in the Labor
2 Cabinet;
- 3 (c) 1. "Wages" includes any compensation due to an employee by reason of his
4 or her employment, including salaries, commissions, vested vacation
5 pay, overtime pay, severance or dismissal pay, earned bonuses, and any
6 other similar advantages agreed upon by the employer and the employee
7 or provided to employees as an established policy. The wages shall be
8 payable in legal tender of the United States, checks on banks, direct
9 deposits, or payroll card accounts convertible into cash on demand at
10 full face value, subject to the allowances made in this chapter. However,
11 an employee may not be charged an activation fee and the payroll card
12 account shall provide the employee with the ability, without charge, to
13 make at least one (1) withdrawal per pay period for any amount up to
14 and including the full account balance.
- 15 2. For the purposes of calculating hourly wage rates for scheduled overtime
16 for professional firefighters, as defined in KRS 95A.210(5), "wages"
17 shall not include the distribution to qualified professional firefighters by
18 local governments of supplements received from the Firefighters
19 Foundation Program Fund. For the purposes of calculating hourly wage
20 rates for unscheduled overtime for professional firefighters, as defined in
21 KRS 95A.210(6), "wages" shall include the distribution to qualified
22 professional firefighters by local governments of supplements received
23 from the Firefighters Foundation Program Fund;
- 24 (d) "Employer" is any person, either individual, corporation, partnership, agency,
25 or firm who employs an employee and includes any person, either individual,
26 corporation, partnership, agency, or firm acting directly or indirectly in the
27 interest of an employer in relation to an employee; and

1 (e) "Employee" is any person employed by or suffered or permitted to work for an
2 employer, except that:

3 1. Notwithstanding any voluntary agreement entered into between the
4 United States Department of Labor and a franchisee, neither a franchisee
5 nor a franchisee's employee shall be deemed to be an employee of the
6 franchisor for any purpose under this chapter; and

7 2. Notwithstanding any voluntary agreement entered into between the
8 United States Department of Labor and a franchisor, neither a franchisor
9 nor a franchisor's employee shall be deemed to be an employee of the
10 franchisee for any purpose under this chapter.

11 For purposes of this paragraph, "franchisee" and "franchisor" have the same
12 meanings as in 16 C.F.R. sec. 436.1.

13 **(f) "Independent contractor" is a person employed by or permitted to work for**
14 **an employer, so long as:**

15 **1. The person is free from the control and direction of the employer in**
16 **connection with the performance of the work, both under the contract**
17 **for the performance of the work and in fact;**

18 **2. The person performs work that is outside the usual course of the**
19 **employer's business; and**

20 **3. The person is customarily engaged in an independently established**
21 **trade, occupation, or business of the same nature as the work being**
22 **performed for the employer.**

23 **(g) "Misclassify" is the act of incorrectly identifying an employee as an**
24 **independent contractor.**

25 (2) As used in KRS 337.275 to 337.325, 337.345, and 337.385 to 337.405, unless the
26 context requires otherwise:

27 (a) "Employee" is any person employed by or suffered or permitted to work for an

1 employer, but shall not include:

- 2 1. Any individual employed in agriculture;
- 3 2. Any individual employed in a bona fide executive, administrative,
4 supervisory, or professional capacity, or in the capacity of outside
5 salesman, or as an outside collector as the terms are defined by
6 administrative regulations of the commissioner;
- 7 3. Any individual employed by the United States;
- 8 4. Any individual employed in domestic service in or about a private home.
9 The provisions of this section shall include individuals employed in
10 domestic service in or about the home of an employer where there is
11 more than one (1) domestic servant regularly employed;
- 12 5. Any individual classified and given a certificate by the commissioner
13 showing a status of learner, apprentice, worker with a disability,
14 sheltered workshop employee, and student under administrative
15 procedures and administrative regulations prescribed and promulgated
16 by the commissioner. This certificate shall authorize employment at the
17 wages, less than the established fixed minimum fair wage rates, and for
18 the period of time fixed by the commissioner and stated in the certificate
19 issued to the person;
- 20 6. Employees of retail stores, service industries, hotels, motels, and
21 restaurant operations whose average annual gross volume of sales made
22 for business done is less than ninety-five thousand dollars (\$95,000) for
23 the five (5) preceding years exclusive of excise taxes at the retail level or
24 if the employee is the parent, spouse, child, or other member of his or
25 her employer's immediate family;
- 26 7. Any individual employed as a baby-sitter in an employer's home, or an
27 individual employed as a companion by a sick, convalescing, or elderly

- 1 person or by the person's immediate family, to care for that sick,
2 convalescing, or elderly person and whose principal duties do not
3 include housekeeping;
- 4 8. Any individual engaged in the delivery of newspapers to the consumer;
- 5 9. Any individual subject to the provisions of KRS Chapters 7, 16, 27A,
6 30A, and 18A provided that the secretary of the Personnel Cabinet shall
7 have the authority to prescribe by administrative regulation those
8 emergency employees, or others, who shall receive overtime pay rates
9 necessary for the efficient operation of government and the protection of
10 affected employees;
- 11 10. Any employee employed by an establishment which is an organized
12 nonprofit camp, religious, or nonprofit educational conference center, if
13 it does not operate for more than two hundred ten (210) days in any
14 calendar year;
- 15 11. Any employee whose function is to provide twenty-four (24) hour
16 residential care on the employer's premises in a parental role to children
17 who are primarily dependent, neglected, and abused and who are in the
18 care of private, nonprofit childcaring facilities licensed by the Cabinet
19 for Health and Family Services under KRS 199.640 to 199.670; or
- 20 12. Any individual whose function is to provide twenty-four (24) hour
21 residential care in his or her own home as a family caregiver and who is
22 approved to provide family caregiver services to an adult with a
23 disability through a contractual relationship with a community board for
24 mental health or individuals with an intellectual disability established
25 under KRS 210.370 to 210.460, or is certified or licensed by the Cabinet
26 for Health and Family Services to provide adult foster care;
- 27 (b) "Agriculture" means farming in all its branches, including cultivation and

- 1 tillage of the soil; dairying; production, cultivation, growing, and harvesting of
2 any agricultural or horticultural commodity; raising of livestock, bees,
3 furbearing animals, or poultry; and any practice, including any forestry or
4 lumbering operations, performed on a farm in conjunction with farming
5 operations, including preparation and delivery of produce to storage, to
6 market, or to carriers for transportation to market;
- 7 (c) "Gratuity" means voluntary monetary contribution received by an employee
8 from a guest, patron, or customer for services rendered;
- 9 (d) "Tipped employee" means any employee engaged in an occupation in which
10 he or she customarily and regularly receives more than thirty dollars (\$30) per
11 month in tips; and
- 12 (e) "U.S.C." means the United States Code.