

Top California Court Rules Gig Workers are Independent Contractors

October 14, 2024

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In a recent ruling, the Supreme Court of California has allowed Prop 22 to stand, meaning more than 1.4 million Californians who work as app-based gig workers for companies such as Uber, Lyft, DoorDash, and Instacart can continue to be categorized as independent contractors as opposed to employees. This is just the latest development in the evolution of employee classification in the state, and it surely will not be the last.

In this case, the Court upheld Prop 22, a 2020 voter-approved law allowing gig economy platforms to classify drivers as independent contractors rather than reclassify them as employees in California. The Court rejected claims brought by drivers and a labor union that the law is unconstitutional, citing interference with lawmakers' authority over matters dealing with workers' compensation.

Prop 22 defined a new classification for workers entitled to limited benefits, including healthcare subsidies, occupational accident insurance, disability insurance, and a net earnings floor based on the state minimum wage, but not necessarily all rights granted to full-fledged employees. Numerous challenges have been raised to the legislation, which was reversed in 2021 and then reinstated in 2023 by the courts.

The July 25, 2024 Supreme Court ruling ends the long legal fight over Prop 22 for now and is a significant win for rideshare giants Uber and Lyft, which have fought to classify their workers as contractors. While this ruling permits gig-work companies to treat their California drivers as independent contractors, it's important to note that there is still the possibility of future legal challenges to Prop 22.

The potential for further legal action adds an element of intrigue to the ongoing debate about the classification of gig workers, which has been scrutinized in several state legislatures recently. However, this decision applies specifically to rideshare drivers in California.