



[SF 2296](#) – Vehicles, Owner Definition (LSB6305SV)
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Fiscal Note Version – New

Description

[Senate File 2296](#) automatically classifies owner-operators of specified vehicles as independent contractors when performing services while operating the vehicle.

Background

While the total number of owner-operators is not known, the Iowa Department of Workforce Development (IWD), through the work of the Audits and Misclassification Units, identified 745 individuals in FY 2018 and 149 individuals in FY 2019 for a total of 894 individuals as owner-operators who are classified as employees and not independent contractors under current law. The employers of those individuals contribute approximately \$300,000 annually to the Unemployment Insurance Trust Fund.

Independent contractors are exempt from unemployment insurance requirements under Iowa Code chapter [96](#).

Assumptions

- Information is not available on the total number of owner-operators in Iowa.
- Information is not available on the amount of unemployment insurance benefits that is paid to owner-operators each year.
- Wage and benefit modifications for individuals resulting from the change cannot be estimated.

Fiscal Impact

The net fiscal impact of [SF 2296](#) on the Unemployment Insurance Trust Fund cannot be determined since the number of owner-operators is unknown and the amount of unemployment insurance benefits paid to owner-operators is also unknown. Because wage and benefit modifications for individuals resulting from the change cannot be estimated, the fiscal impact of possible wage and benefit changes cannot be determined. The Bill would not have a significant fiscal impact on the operations of the IWD.

Source

Iowa Department of Workforce Development

/s/ Holly M. Lyons

February 24, 2020

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
