AMERICAN TRUCKING ASSOCIATIONS
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INDEPENDENT CONTRACTORS: AN INTEGRAL COMPONENT OF THE AMERICAN TRUCKING INDUSTRY

Independent contractors or owner-operators have long been an important component of virtually every segment of the trucking industry, including but not limited to long-haul trucking, household goods moving, and intermodal operations. It is estimated that more than 500,000 independent contractors work in the trucking industry.

For motor carriers, owner-operators provide a valuable service. Owner-operators are seasoned business persons with truck driving experience who are highly skilled and motivated. The availability of such owner-operators and their equipment provides flexibility to meet fluctuations in demand for trucking services. For owner-operators, the trucking industry offers a unique opportunity for individuals to begin their own businesses. Start-up costs in the trucking industry are within reason and reach of many small business entrepreneurs. In short, it allows owner-operators to live out their own version of the American dream.

This Congress, Rep. James McDermott (D-WA) introduced H.R. 3408 which would eliminate the safe harbor provision altogether except when an IRS audit has been previously conducted. Section 530's so-called safe harbor provisions prevent reclassification generally if an employer has one of the designated reasonable bases for its independent contractor treatment, including past industry practice.

Over the years, Section 530 has been very valuable to trucking and other industries in eliminating expensive and contentious efforts by the IRS to reclassify contractors. Last years legislation would have substantially eliminated Section 530 protection by allowing prospective reclassification by the IRS and by eliminating industry practice as a safe harbor. Taxpayers would be put back into the position of having to defend their independent contractor treatment in costly, fact-intensive litigation instead of simply invoking the protections of Section 530 as they are now able to do. The elimination of the industry-practice reasonable basis is also especially egregious because it strikes most heavily at industries like trucking where independent contractor participation is long standing and well-accepted. That legislation would create administrative nightmares for employers contracting with independent contractors.

In summary, the legitimacy of independent contractor status in the trucking industry has been widely recognized since the industry's inception. Opening the validity of that status to specious IRS investigations and establishing onerous procedures inviting independent contractor discord would seriously undermine the efficiencies and opportunities the trucking industry has long enjoyed via its independent contractor business partners. Consequently, we urge Congress to reject any attempt to resurrect those proposals that will harm not only the trucking industry, but also the American economy.

ATA ACTION:
ATA formalized its working relationship with the Coalition to Preserve Independent Contractor Status (IC Coalition) by officially joining the organization. The Coalition identifies its mission as educating public and elected representatives about the importance of the self-employed worker and leading collective action to strengthen and protect independent contractor status. ATA strongly opposes H.R. 3408.