

## California Governor Newsom Signs AB 5 Into Law, Effective January 1, 2020

September 23, 2019

On September 18, California Governor Gavin Newsom signed AB 5 into law, and the new law will become effective on January 1, 2020. AB 5 codifies the "ABC test" from the landmark *Dynamex* case to determine whether a service provider is an independent contractor or employee.

AB 5 adds section 2750.3 to the California Labor Code, which expressly adopts the ABC test set forth in *Dynamex* for purposes of the Labor Code, Unemployment Insurance Code and the Wage Orders.

### Immediate reaction and recommendations

As mentioned in our previous [alert](#), this is not cause for panic. The California courts already changed the independent contractor test for California service providers with the *Dynamex* decision, and with AB 5, the test is being expanded to claims under the Labor Code and Unemployment Insurance Code, rather than only claims under the Wage Orders. There are specific exemptions to the ABC test for which the old Borello standard would still apply. Companies should evaluate their independent contractor classifications for California service providers in light of the new law.

Please feel free to contact us with any questions about AB 5 or any questions regarding worker classification matters.

This content is provided for general informational purposes only, and your access or use of the content does not create an attorney-client relationship between you or your organization and Cooley LLP, Cooley (UK) LLP, or any other affiliated practice or entity (collectively referred to as "Cooley"). By accessing this content, you agree that the information provided does not constitute legal or other professional advice. This content is not a substitute for obtaining legal advice from a qualified attorney licensed in your jurisdiction and you should not act or refrain from acting based on this content. This content may be changed without notice. It is not guaranteed to be complete, correct or up to date, and it may not reflect the most current legal developments. Prior results do not guarantee a similar outcome. Do not send any confidential information to Cooley, as we do not have any duty to keep any information you provide to us confidential. This content may be considered **Attorney Advertising** and is subject to our [legal notices](#).

---

### Key Contacts

Ann Bevitt London	abevitt@cooley.com +44 (0) 20 7556 4264
----------------------	--

Wendy Brenner Palo Alto	brennerwj@cooley.com +1 650 843 5371
Leslie Cancel San Francisco	lcancel@cooley.com +1 415 693 2175
Helenanne Connolly Reston	hconnolly@cooley.com +1 703 456 8685
Joshua Elefant Palo Alto	jelefant@cooley.com +1 650 843 5572
Joshua Mates San Francisco	jmates@cooley.com +1 415 693 2084
Gerard O'Shea New York	goshea@cooley.com +1 212 479 6704
Michael Sheetz Boston	msheetz@cooley.com +1 617 937 2330
Summer Wynn San Diego	swynn@cooley.com +1 858 550 6030

---

This information is a general description of the law; it is not intended to provide specific legal advice nor is it intended to create an attorney-client relationship with Cooley LLP. Before taking any action on this information you should seek professional counsel.

Copyright © 2023 Cooley LLP, 3175 Hanover Street, Palo Alto, CA 94304; Cooley (UK) LLP, 22 Bishopsgate, London, UK EC2N 4BQ. Permission is granted to make and redistribute, without charge, copies of this entire document provided that such copies are complete and unaltered and identify Cooley LLP as the author. All other rights reserved.