

**WRITTEN TESTIMONY HB1245: RELATIVE TO VOLUNTARY PORTABLE BENEFITS  
PLANS FOR INDEPENDENT CONTRACTORS.**

**Submitted by Justan Rice, Director of State Government Affairs, Libertas Institute**

**House Labor, Industrial, and Rehabilitative Services Committee Hearing**

**Tuesday, January 20, 2026**

Chairman and committee members, thank you for the opportunity to provide testimony on behalf of Libertas Institute.

This legislation addresses a specific legal barrier that prevents mutually beneficial arrangements between businesses and independent contractors. Under current employment classification law, providing benefits to contractors serves as evidence of an employment relationship. This single factor creates substantial legal risk for businesses that contract with independent contractors.

The practical effect is a forced choice: compensate independent contractors exclusively in cash, or assume reclassification risk by contributing to their benefits. This binary creates unnecessary rigidity where both parties seek a more comprehensive arrangement.

This bill provides legal certainty by exempting voluntary contributions to portable benefits accounts from employment classification analysis. The legislation is entirely permissive. No business is required to contribute. No worker is required to accept contributions. Independent contractors who prefer traditional cash compensation will experience no change.

When a business and an independent worker mutually agree that compensation should include contributions to portable benefits—for health insurance, disability coverage, or other protections—this legislation removes the legal uncertainty. The contribution cannot be cited as evidence of employment status.

This legislation removes one factor from a multi-factor test, allowing businesses and independent contractors to structure their relationships according to their mutual preferences without unintended legal consequences.

Thank you for your consideration.