

Connecticut Supreme Court Clarifies Independent Contractor Test

By: C. Scott Schwefel

On March 15, 2016, in Standard Oil of Connecticut, Inc. v. Administrator, Unemployment Compensation Act, the Connecticut Supreme Court held that installers/technicians providing services to residential heating and alarm system customers of Standard Oil of Connecticut were independent contractors and not employees. The effect of the decision expands the applicability of independent contractor status under the “ABC Test” which provides the framework of worker classification analysis in Connecticut for the purposes of unemployment tax liability.

Under ABC Test, to be classified as an independent contractor the worker must (A) be free from the control and direction of the employer; (B) perform services outside the usual course of the employer’s business or outside all of the employer’s places of business; and (C) be customarily engaged in an independently established trade, occupation, profession, or business of the same nature as the service being provided.

The Connecticut Department of Labor initially found, and the Superior Court affirmed, that the installers/technicians were misclassified because they did not meet Part A and Part B of the ABC Test. The Supreme Court, however, reversed these findings.

The Supreme Court determined that Part A had been satisfied as, among other things, the technicians were (i) free to accept or reject work assignment without adverse consequences; (ii) free to exercise independent judgment and control in execution of any work; (iii) not provided an employee handbook; (iv) owned their own tools and machinery; and (v) not paid for training.

As for Part B, the Court’s majority determined that the definition of “place of business” should not be extended to the homes of residential customers where the installer/technicians performed their work. In its analysis, the Court focused on who had actual control of the job site and determined that because the company did not supervise the workers, it was the homeowners who controlled the residential worksites rather than company. The Court explained:

“[P]laces of business’ in the present context should not be extended to the homes in which the installers/technicians worked, unaccompanied by the plaintiff’s employees and without the plaintiff’s supervision. The homes of the plaintiff’s customers, unlike the plaintiff’s business offices, warehouses and other facilities, were under the homeowners’ control.”

The Court did not address Part C of the ABC Test as the Department of Labor had previously determined that the company satisfied the prong, because the installers/technicians were individually licensed, owned their own businesses, and provided their own tools and machinery.



Shipman, Shaiken & Schwefel, LLC
ATTORNEYS AT LAW

If you have any questions regarding independent contractor classification, please contact Scott Schwefel at (860) 606-1712. You may also contact the Shipman Shaiken & Schwefel, LLC attorney with whom you usually work to discuss a comprehensive approach for complying with state and federal laws and regulations governing your workplace.