In 2020, the California voters passed Proposition 22 (Prop 22). Prop 22 allows for the classification of app-based drivers (who meet certain conditions) as independent contractors rather than employees. As a result, many app-based drivers (implicated by Prop 22) are not covered by California's workers' compensation laws because such laws apply to employees and not independent contractors. On July 25, 2024, after multiple years of litigation challenging the constitutionality of the ballot initiative, the California Supreme Court held that Prop 22 is constitutional.

In reviewing Prop 22, the California Supreme Court addressed the specific issue of whether "Business and Professions Code section 7451, which was enacted by Proposition 22 (the 'Protect App-Based Drivers and Services Act'), conflicts with article XIV, section 4 of the California Constitution and therefore require that Proposition 22, by its own terms, be deemed invalid in its entirety." The opinion, authored by Justice Liu, held

section 7451 does not conflict with article XIV, section 4, of the California Constitution because article XIV, section 4, does not "preclude the electorate from exercising its initiative power to legislate on matters affecting workers' compensation."

Following the court's ruling, companies with app-based drivers covered by Prop 22 can continue to utilize the conditions set forth in Prop 22 to classify such individuals as independent contractors. Companies with further questions regarding the court's ruling should reach out to experienced counsel.

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