



H.R. 3441, the “*Save Local Business Act of 2017*”

Labor and employment laws have long held that, where more than one entity controls terms and conditions of employment, an employee may have multiple employers. This is referred to as “joint employment.” The so-called “Save Local Business Act” creates a new, narrow definition of a joint employer under the *National Labor Relations Act* (NLRA) and the *Fair Labor Standards Act* (FLSA), limiting who workers may hold responsible for wage theft or unfair labor practices. H.R. 3441 replaces almost a century of law with a proposal that will harm working people and create confusion for responsible employers. This bill is so extreme that, if both employers deny their legal responsibility as employers, then employees might not have *any* employer to hold responsible for violations.

H.R. 3441 was voted out of the Committee on a party-line vote of 23-17, with all Democrats opposing the bill.

H.R. 3441 cripples working people’s freedom to negotiate for better wages and benefits when they have joint employers.

- When workers join a union and exercise their right to negotiate over wages and conditions of employment, it is crucial that they be able to negotiate with all parties that control the employment relationship. If not, then joining a union would be futile.
- The National Labor Relations Board’s 2015 *Browning Ferris* decision restored longstanding precedent by preventing employers from insulating themselves from their responsibilities to negotiate with workers if they share control over the terms and conditions of employment. H.R. 3441 reverses this decision.
- By undermining workers’ rights to negotiate with their employers, H.R. 3441 prevents workers from raising wages at a time of skyrocketing income inequality.

H.R. 3441 empowers employers to evade liability for wage theft, child labor, and equal pay violations, while also jeopardizing legal protections for vulnerable farmworkers.

- The FLSA’s broad definition of employment has long ensured that workers can hold employers accountable for wage and hour violations whenever the client employer establishes the economic realities for the employment relationship.
- H.R. 3441 dismantles this protection, leaving more workers without recourse for wage theft and child labor.
- By amending the FLSA, this bill also threatens equal pay protections guaranteed under the Equal Pay Act, an amendment to the FLSA. H.R. 3441 may also upend protections for farmworkers covered under the Migrant and Seasonal Agricultural Workers Protection Act, which incorporates FLSA’s standards for joint employment.

H.R. 3441 hurts law-abiding contractors, and grants franchisors a blank check to dictate their franchisees’ employment practices, while leaving franchisees on the hook for any legal violations.

- This bill is a solution in search of a problem. No franchisor has ever been held to be a joint employer with its franchisees under the NLRA or the FLSA.
- H.R. 3441 is unfair to franchisees, because it insulates franchisors from joint employer liability even when they direct franchisees’ employment policies and practices.
- Some construction contractors have warned that H.R. 3441 “would further tilt the field of competition against honest, ethical businesses” because it leaves unethical competitors able to cut costs by outsourcing to entities who violate wage and hour laws without fear of joint employer liability.