

Nevada's Portable Benefits Bill: Legalizing Access to Benefits for Self-Employed Workers

LIYA PALAGASHVILI

Senior Research Fellow, Mercatus Center at George Mason University

Nevada Assembly Committee on Commerce and Labor

S.B. 336: Establishes provisions relating to portable benefit accounts.

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Dear Members of the Assembly Commerce and Labor Committee:

My name is Liya Palagashvili. I am an economist and senior research fellow at the Mercatus Center at George Mason University. For almost a decade now, my research has centered on self-employment and the independent workforce, with a focus on the advantages of portable benefits systems for this workforce.

Today, state governments are grappling with the rise in self-employment. In Nevada, there are almost 300,000 self-employed workers, who generated about 10.5 billion dollars in revenues in 2022 alone.¹ The number of self-employed workers is expected to grow significantly over the next decade. This workforce spans a range of industries, skill levels, and educational attainment. Examples include musicians, realtors, delivery drivers, yoga instructors, software developers, graphic designers, landscapers, and online merchants.

Today, I address the following three points:

1. Current laws in Nevada and across the United States restrict hiring parties from providing self-employed workers with benefits, thereby leaving a growing fraction of the workforce without access to traditional benefits.
2. Self-employed workers would gain from increased access to benefits while maintaining the flexibility and autonomy of their work arrangements.
3. Portable benefits reforms do not change the composition of the labor market. Instead, they allow self-employed workers access to some benefits.

¹ US Census Bureau, "Nonemployer Statistics 2022," (dataset), last updated December 12, 2024, <https://www.census.gov/programs-surveys/nonemployer-statistics.html>.

Laws Restrict Portable Benefits for Self-Employed Workers

Employment and tax laws offer two primary modes of work: The first is traditional (W-2) employment, which comes with traditional, generally tax-advantaged, benefits. This kind of employment comes without the true independence and work autonomy that many workers desire or may require for personal reasons. The second is self-employment, which provides work autonomy and independence but generally requires workers to forgo traditional workplace benefits. As self-employment grows, an increasing share of the workforce does not have access to traditional benefits.

Laws in Nevada and across the United States currently restrict the flow of benefits to self-employed workers. These laws do not allow hiring parties to voluntarily provide self-employed workers with benefits, precisely because these benefits—healthcare, retirement, vacation days, and paid or sick leave—have conventionally been tied to employer–employee relationships. Therefore, under most current state systems, if a hiring party were to provide benefits to self-employed workers, those workers would likely have to be reclassified as employees and consequently lose their independence and flexibility. Removing this legal barrier could enable organizations to voluntarily provide benefits to self-employed workers. Some businesses might offer a “menu of benefits,” while others may focus on one or two individual benefits. Larger companies might even provide a more complete set of benefits.

Many organizations have already indicated that they want to—and are ready to—provide independent contractors with benefits when permitted by state law. Indeed, several are already doing so in states that allow it, such as Utah, Pennsylvania, and Georgia.

Take the case of Utah, for example. Two years ago, I testified before the Utah Legislature on a portable benefits bill that eliminates the presence of benefits as a factor in worker classification tests.² This bill was passed and went into effect in May 2023. As a result, Target’s Shipt launched a pilot benefits program in Utah in partnership with the benefits company Stride. Last month, the company Lyft announced that it, too, will run a pilot portable benefits program in Utah.

Similarly, with the support of state governors, the company DoorDash is currently running portable benefits programs in both Pennsylvania and Georgia. Last month, in April 2025, two more states—Tennessee and Alabama—passed portable benefits bill.

To reiterate, those state pilot programs for self-employed workers were only possible due to legal changes. In Nevada, it is not currently possible for self-employed workers to receive benefits. The first step to providing portable benefits in Nevada is to allow for the establishment of portable benefits accounts and to remove the presence of benefits as a factor in the worker classification tests.

Self-Employed Workers Value Autonomy and Flexibility and Would Gain from Access to Benefits

A 2023 Bureau of Labor Statistics survey found that 80.3 percent of self-employed workers prefer their work arrangements over W-2 employment.³ Over a dozen additional surveys indicate that workers

² Liya Palagashvili, “Utah’s Portable Benefits Bill: Supporting Gig Workers and the Independent Workforce” (Testimony Before the Utah Senate Business and Labor Committee, Mercatus Center at George Mason University, February 21, 2023).

³ Bureau of Labor Statistics, “Contingent and Alternative Employment Arrangements—July 2023,” news release no. USDL-24-2267, November 8, 2024.

value the work autonomy and flexibility of self-employment. This is true especially for those with caregiving obligations or other circumstances that make traditional employment challenging. In fact, approximately 46 percent of freelancers say they need the flexibility freelancing offers, due to personal circumstances—such as health issues or family obligations—that make traditional employment impossible.⁴

Self-employment can be particularly transformative for women who are the primary caregivers in their households.⁵ One study found that self-employment rates are higher for women who have young children, and that self-employed female workers have more flexibility in their work location, hours, and schedule compared to women in traditional employment.⁶

In a nationwide survey, researchers also found that about 75 percent of self-identified homemakers, or stay-at-home mothers, indicated that they would likely return to work if they had flexible options.⁷ Another survey of 2,000 self-employed women found that 96 percent of these women cited flexible hours as the primary benefit of this type of work.⁸ Indeed, 70 percent of these self-employed women were primary caregivers: A quarter had recently left their full-time employment for self-employment, and 60 percent indicated that they did so because they wanted flexibility; needed more time to care for a child, parent, or other relative; or both.

Self-employment is an important source of income for a large number of working Americans, especially working mothers, many of whom are unable to take on traditional employment. At the same time, self-employment also has a significant shortcoming: Self-employed workers do not have access to traditional benefits afforded to traditional employees. About 81 percent of self-employed workers indicated they would like access to flexible or portable benefits—benefits that are not tied to a particular job or employer.⁹

To better meet the needs of the growing self-employed workforce, governments could reform laws to give self-employed workers access to benefits.

Portable Benefit Reforms Legalize Access to Benefits for Self-Employed Workers

Legalizing access to portable benefits does not increase worker misclassification, which happens when businesses wrongly label employees as independent contractors to avoid providing benefits or complying with labor laws. This is because businesses are still required to follow their state's worker classification test—whether it be the common-law, ABC, or another state test. Businesses are also still required to follow federal agency worker classification tests. If federal and state regulators find that a

⁴ Adam Ozimek, "Freelance Forward Economist Report," *Upwork*, December 8, 2021.

⁵ Liya Palagashvili and Paola Suarez, "Women as Independent Workers in the Gig Economy" (Mercatus Working Paper, Mercatus Center at George Mason University, March 2021).

⁶ Katherine Lim "Do American Mothers Use Self-Employment as a Flexible Work Alternative?," *Review of Economics of the Household* 17, no. 3 (2019): 805–42.

⁷ Liz Hamel, Jamie Firth, and Mollyann Brodie, *Kaiser Family Foundation, CBS, and New York Times Non-Employed Poll* (Kaiser Family Foundation, December 11, 2014).

⁸ Hyperwallet, *The Future of Gig Work Is Female: A Study on the Behaviors and Career Aspirations of Women in the Gig Economy*, 2017.

⁹ Tito Boeri et al., "Solo Self-Employment and Alternative Work Arrangements: A Cross-Country Perspective on the Changing Composition of Jobs," *Journal of Economic Perspectives* 34, no. 1 (2020): 183.

business is misclassifying workers, that business is still in violation of federal and state laws. The proposed portable benefits reforms would have no impact on that determination.

Indeed, my analysis shows that in Utah, the number of W-2 employees continued to grow at a similar rate as before the enactment of the Portable Benefits Bill, which went into effect in 2023. Likewise, the growth rate of self-employed workers remained unchanged. In other words, the portable benefits bill had no impact on the growth of W-2 employees or self-employed workers in Utah.

These findings support the notion that portable benefits complement, and do not replace, traditional employment and that self-employed workers can gain access to benefits without disrupting labor market composition.

Conclusion

Nevada has an opportunity to modernize its labor laws to support self-employed workers, a growing and diverse segment of its workforce. To do this, state representatives in Nevada can consider the following:

1. Remove the unintentional legal barriers that block self-employed workers from receiving benefits, even when hiring parties are willing to provide them.
2. Respect that self-employed workers value flexibility and autonomy—but also want access to benefits, especially those balancing work with caregiving responsibilities or health needs.
3. Legalize portable benefits to expand access to benefits for self-employed workers, without altering worker classification rules or disrupting labor market trends.

Nevada can follow the lead of states such as Utah, Tennessee, Alabama, Pennsylvania, and Georgia by enacting targeted reforms that enable businesses to voluntarily offer portable benefits—without triggering reclassification risks. These targeted reforms would not only support the economic well-being of nearly 300,000 self-employed Nevadans but also encourage innovation and fairness in the evolving world of work.