

House Commerce Committee
February 17, 2023
House Bill 2399

Jeremy Lips
Testimony in support

Chairman and Members of the Committee

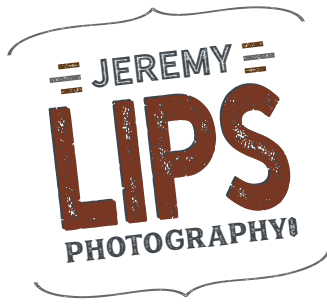
Thank you for allowing me to offer written and oral testimony in support of HB 2399, which would add much needed payment protections for freelancers.

I grew up in Overland Park, attended The University of Kansas, and established myself as a freelancer in the advertising industry before moving away to obtain second degree in Rochester NY. I still own the freelance business I started back then and now split time between New York, New Jersey and Kansas for work. I also currently serve as the Member at Large for The Freelance Exchange of Kansas City.

While my experience with non-payment comes from work done in New York / New Jersey it is a profound example of why, with more people leaving full-time work for the freelance workforce, passing Freelance Isn't Free legislation is necessary for Kansas.

From 2017 to the end of 2020 I was freelancing for a photography studio in a few different roles from digital technician to photographer. The work, mostly for multinational restaurant chains, was exciting and I got to work with an amazing team of freelancers. We were on set every six weeks working on a different campaign. It was great to have consistent work, but payment of invoices was always late.

The role of the studio was to produce the jobs, collect payment from the client and then pay the freelancers brought in to execute the job. The studio owner always had a list two or three pages long of people who were owed money. He would decide what order he paid people in by how important he thought they were to the studio. The more important you were the faster you got paid. The studio billed the clients in two parts. Fifty percent in advance and fifty percent after the job was completed. His clients usually paid their bills on time, but the freelancers were forced to wait up to ninety days while the studio bought new equipment and paid expenses.



During the pandemic the owner stopped paying all full time employees and stopped paying out freelancer's invoices even though the clients had all paid the studio for any outstanding invoices. The owner said he needed that money to keep the studio afloat. He took a PPP loan that should have been used to pay employees, freelancers and expenses, but instead was put it in the bank, never used, and possibly had to be returned.

At the end of 2020 we all received notices that he intended to dissolve the business and we should make a claim for unpaid invoices to the law firm handling the shutdown. I was owed over \$10,000 in unpaid invoices and at that time found out the total amount owed to more than twenty freelancers was more than \$400,000. I spoke to the lawyers dissolving the business and was told the banks he borrowed money from would get paid back first and the people with outstanding invoices would be paid from what was left. There was nothing left. Because the New York and New Jersey versions of Freelance Isn't Free had not been signed, there was nowhere for us to turn for help and even if we had gotten a judgment in our favor, we still would not have been guaranteed payment.

In 2021 I changed the terms of payment on all of my contracts to include a reference to the Freelance isn't Free Act established in New York City in 2016. While the contract has always had payment terms of 30 days, the terms did not include a statement of possible damages for late payment or non payment. Since the addition of that statement almost all invoices have been paid on-time. It is my belief that the HB 2399 will become an accountability check before action is needed.

I, Jeremy Lips, support HB 2399 and ask that the committee recommend this bill favorably for passage. Thank you for your consideration.

Jeremy Lips
Jeremy Lips Photography, Inc.
Member at Large - Freelance Exchange of KC
jeremy@jeremylips.com
917.843.8224