MODULE 4:
HIRING PEOPLE FOR YOUR BUSINESS

Contractor Skill-Building Series – Launch Your RainWise Business

RainWise
Seattle Public Utilities
King County Wastewater Treatment Division

RainWise
Seattle Public Utilities King County

WELCOME

This series is designed for people who want to start their own **RainWise** business but need help getting started.

RainWise seeks to increase the numbers of installations in Seattle within combined sewer basins.

Content is adapted from the **RainWise** Academy, a 12-week course hosted by RainWise program staff and South Seattle College in 2020.
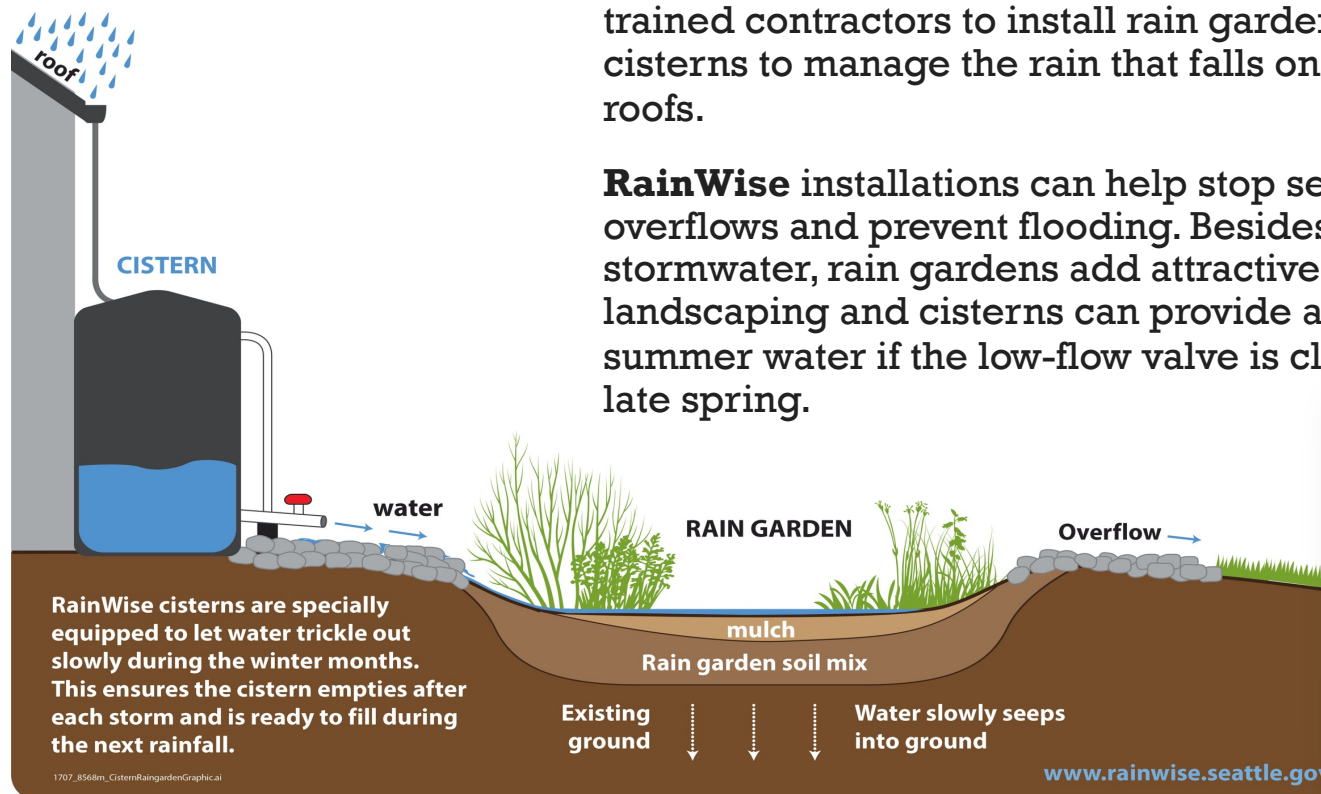
Additional resources available at **700milliongallons.org/rainwise/contractor-resources**.

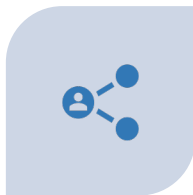Contact **RainWise** with your questions at **rainwise@seattle.gov**

WELCOME

RainWise rebates provide funding for private property owners to hire **RainWise**-trained contractors to install rain gardens and/or cisterns to manage the rain that falls on their roofs.

RainWise installations can help stop sewer overflows and prevent flooding. Besides managing stormwater, rain gardens add attractive landscaping and cisterns can provide a source of summer water if the low-flow valve is closed in the late spring.

roof

CISTERN

water

RAIN GARDEN

Overflow

RainWise cisterns are specially equipped to let water trickle out slowly during the winter months. This ensures the cistern empties after each storm and is ready to fill during the next rainfall.

mulch

Rain garden soil mix

Existing ground

Water slowly seeps into ground

1707_8568m_CisternRaingardenGraphic.ai

www.rainwise.seattle.gov

Jo Sullivan
King County WTD

RAINWISE CONTRACTOR BENEFITS

Meet potential customers at our in-person & online events

Business listing on the **RainWise** Find-a-Contractor page

Additional skill-building, networking & information-sharing opportunities

Promotion on **RainWise** social media outlets

- **Complete RainWise Contractor Orientation**
- **Be a licensed and bonded contractor in the State of Washington.**
- **Submit your Seattle business license and WA Contractor's License to rainwise@seattle.gov**

700milliongallons.org/rainwise/find-a-contractor

DISCLAIMER

RainWise Contractors are independent businesses.

Do your research and consult financial experts.

Research and understand how you will pay yourself, your reporting responsibilities, and tax liabilities.

Take time to evaluate pros and cons of becoming self-employed.

Evaluate now and decide on changes needed to reach your goals.

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HIRING PEOPLE FOR YOUR BUSINESS

This module will cover:
- Your **RainWise** business as an employer
- Overview of hiring people
- Types of workers in WA State
- Where to find more information

YOUR RAINWISE BUSINESS AS AN EMPLOYER

RainWise Contractors are independent businesses.

Hiring people can help you grow.

- What is your strategy for your business' labor pool?

- Will you do all the work, or do you want to hire help?

- What parts of the job do you love the most and want to do?

- What parts of the job are challenging for you?

- Do you want to hire people who have specialized skills, such as plant or plumbing experts?

YOUR RAINWISE BUSINESS AS AN EMPLOYER

Thoughts on hiring help:

- Who and what are you looking for?

- What type of position are you offering? Full-time, part-time, seasonal (temporary), employee, or subcontractor

- When do you need help?

- When is a good time to hire people?

- How do you get the opening advertised?

Remember: *You* are your first employee!

- Who will you hire next?

- If you issue a W-2 to an employee, you will pay their FICA & employment taxes for US & WA.

- Hiring subcontractors have other requirements.

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COMMON QUESTIONS

Q: Can a sole proprietor hire someone as a subcontractor to work on their job site?

A: Yes, if they have their own contractors' license

Q: What do you do when you receive IRS Form **1099 Misc**?

A: Report the amount as income to your business; it will be subject to IRS Self-employment (SE) Tax and Income Tax

Q: May a single member LLC hire themselves as an employee? (They would receive a W-2 at the end of the year)

A: Yes, if they are filing taxes as an S-Corp

Q: How do I decide between being an LLC, S-Corp or C-Corp?

A: The LLC is a low-maintenance legal entity that's best for a simple business. An S corporation is a tax status created so that business owners can save money on taxes. A C corporation is a more complicated legal entity that's best for businesses looking to keep profits in the business.

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RESOURCE FOR HIRING IN WA STATE

Business.wa.gov has critical information for hiring people in WA State:
business.wa.gov/site/alias__business/876/small-business-guide--start.aspx#HireEmployees

BUSINESS.WA.GOV | Small Business Guidance

Your Cities ▾   search   menu

START YOUR BUSINESS

TYPES OF WORKERS

- Employees
- General Contractor
- Specialty Contractor
- Subcontractor
- Independent Contractor (without a contractors' license)
- Staffing Agencies
- Interns or Apprentices

INDEPENDENT CONTRACTORS VS. EMPLOYEES

Independent Contractors:
- Hold their own business license.
- Pay their own taxes.
- Set their own schedules.
- **Use their own tools and equipment.**

Employees:
- Employer is responsible for paying taxes, providing benefits, and ensuring safety standards are met.
- Employer is responsible for setting employee's schedule.
- Employer is responsible for providing tools and equipment.

➢ Independent Contractors have their own business and will work with you under a Subcontracting agreement.
➢ Employees have the right to leave at anytime.
➢ Employers have the right to fire employees at anytime for plausible reasons.
➢ Employers may not fire someone if doing so violates employee protection laws.

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EMPLOYEES

- Making the leap to having employees brings benefits and challenges:

- Benefits: having a steady workforce that can help you forecast and schedule work into the future, and you don't need to rely on yourself to do all aspects of your business

- Challenges: It is critical to properly classify employees' work category in L&I to determine risk factors, or you may have major Labor & Industries and tax and penalty problems.

- The IRS classification system could be made stricter by WA or Seattle, and City/State rules override the IRS.

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TYPES OF CONTRACTORS

Independent Contractors

"People such as doctors, dentists, veterinarians, **lawyers, accountants, contractors, subcontractors**, public stenographers, or auctioneers who are **in an independent trade, business, or profession** in which they offer their services to the general public are **generally** independent contractors." -- IRS

Pro Tip: In RainWise, and by law, all contractor businesses are licensed with appropriate bonding, insurance, and endorsements.

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TYPES OF CONTRACTORS

Independent Contractors

Independent contractors are an entity with whom a principal or business owner directly subcontracts to **perform a certain task or tasks.** Independent contractors are generally engaged to perform **operations not within the usual trade or business of the principal/owner, and such tasks are contract-specific**

All independent contractors are:

- Responsible for obtaining their own business licenses and endorsements.
- Responsible for providing their own tools.
- Setting their own schedule, and filing their own taxes

TYPES OF CONTRACTORS

General Contractors (GC)

A general contractor is an entity with whom the client directly contracts to **perform certain jobs.** The GC is responsible for the client relationship.

Specialty Contractors

Specialty contractors can only perform work in the specialty they are registered in. They cannot hire subcontractors.

Pro Tip: if you want someone to work for you, and you tell them where they are working, require a fixed schedule, use of specific tools, and they don't have their own business license - you should hire them as an **employee**.

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TYPES OF CONTRACTORS

General Contractors and Subcontractors

- A General Contractor (GC) can make money marking up a subcontractors' services

- The GC is responsible for all client communication, scheduling, and funds

- The GC must receive an IRS Form W-9 from the subcontractor before they can be paid

- The GC must issue IRS Form 1099-NEC* to subcontractor and the IRS at the end of the year. (Income paid to the subcontractor.)

- The GC is responsible for explaining the project and coordinating the work

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TYPES OF CONTRACTORS

General Contractors and Subcontractors:

General contractor (you):

- The client hires you and you hire subcontractors to do some or all of the work; the general contractor remains in charge of the client relationship.

RainWise examples of subcontracted services (per project):

- Wood frame construction, landscape designer, gutter installer, excavator operator

Examples of subcontracted services you pay as a vendor (ongoing relationship):

- Graphic design, accountant, bookkeeping, payroll.

INTERNS

- Unpaid **internships** are **legal** if the **intern** is the "primary beneficiary" of the arrangement.

- If an employer is the primary beneficiary, the **intern** is considered an **employee** under the Fair Labor Standards Act and entitled to minimum wage.

- **You cannot classify someone as a day worker, intern or apprentice and pay them like a subcontractor with a 1099-MISC**

Resources

- SHRM, "Employing Interns", Feb. 26, 2020. shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/employinginterns.aspx

- US DOL. "Fact Sheet #71: Internship Programs Under The Fair Labor Standards Act" dol.gov/agencies/whd/fact-sheets/71-flsa-internships, published January 2018, accessed March 2022.

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STAFFING AGENCIES

Employment Agency

- pay employee by the shift or day, takes care of income tax withholding, must be paid a minimum wage
- employers pay a set price per hour to the agency
- run by for-profit company (for example PeopleReady)

Not-for-profit Agencies or day worker centers

- may also provide this service along with free training for people entering an industry
- Function to set reasonable wages, train, and provide a point of contact for potential employers
- For example, Casa Latina: casa-latina.org/house-cleaning-seattle

Day Laborer info for WA State:
https://www.dol.gov/agencies/whd/workers/day-laborers

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PAYROLL SERVICES

- Whether you are a business with employees or subcontractors, you can hire a payroll service that specializes in small business (like Gusto, Paychex, or ADP)

- These services automate tax payments and benefits and reduce the guesswork on setting up and maintaining a payroll system

- Work with a tax professional to understand your tax liabilities, local minimum wage rates, setting up Paid Time Off, and other benefits your business will offer

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HIRING PEOPLE FOR YOUR BUSINESS

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HOMEWORK & RESOURCES

To access your homework and resources, go to:

700milliongallons.org/rainwise/contractor-resources/contractor-skill-building

- This is the RainWise Skill-Building landing page, which is a subpage on the RainWise **Contractor Resources** webpage.

- Watch the Contractor Overview webinar provided by Labor and Industries (L&I) and review the materials about hiring people provided by the Small Business Guide.

- Additional questions? Email **rainwise@seattle.gov** and put "New Contractor Question" in the subject line.

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rainwise@seattle.gov | Questions?