



Government Affairs Update - California AB5

Dear OOIDA Member,

As you probably know, California Governor Gavin Newsom is expected to enact AB5, legislation passed by the California legislature to address worker misclassification among a broad range of industries within the state. This includes trucking.

Motor carriers have been creative in exploiting drivers in segments of trucking in California for decades, specifically the ports. Lease-purchase schemes have plagued the industry and there are plenty of carriers that take advantage of traditional lease agreements as well. In short, many truck drivers are in fact misclassified. However, there are equally as many truckers that are truly independent and we're concerned that codifying a complex court decision (Dynamex) might go too far.

AB5 will undoubtedly change trucking in California - but not necessarily in a bad way. Our hope is that it will force motor carriers in California to rethink the way they treat drivers and either hire them as employees or restructure traditional lease agreements to give owner-operators real independence. It's also possible we'll see wages increase as a result.

AB5 essentially creates an "ABC" test to determine worker classification. To be considered an independent contractor, part "B" requires that a "worker performs work that is outside the usual course of the hiring entity's business". In trucking, the concern is that it might be difficult for many owner-operators and motor carriers to comply with this requirement. At this time, we think that's a premature assumption. However, should this new law negatively impact legitimate independent owner-operators, rest assured OOIDA will challenge it in every way possible.

We have been following this issue from the beginning and we'll continue to closely monitor its impact. Please keep in mind this new law is self-inflicted by motor carriers after decades of treating drivers like indentured servants, perpetuating an environment with awful working conditions, and a failure to pay drivers anything close to a living wage. It's possible AB5 will address these issues.

Please reply directly to this email should you have any questions or comments. We welcome your feedback.

As always, thank you for everything that you do and for your support of OOIDA.

Sincerely,

Mike Matousek
Manager of Government Affairs