

Date of Hearing: July 14, 2025

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

SB 703 (Richardson) – As Amended May 1, 2025

SENATE VOTE: 28-10

SUBJECT: Ports: truck drivers

SUMMARY: Requires trucking companies and truck drivers to provide information to the Port of Long Beach (POLB) and the Port of Los Angeles (POLA) and requires the ports to provide information to the Labor Commissioner (LC) on a monthly basis. Specifically, **this bill:**

- 1) Requires a trucking company to provide to a port all of the following information, with respect to that trucking company's employee truck drivers, before entering a port for the first time and on an annual basis thereafter:
 - a) A worker's compensation insurance policy that covers all employee truck drivers;
 - b) The number of employee truck drivers covered by the worker's compensation insurance policy; and,
 - c) A sworn affirmation that the trucking company is withholding all required taxes from the wages of any truck driver who is considered an employee under state law.
- 2) Requires a truck driver, who is not an employee, to provide to a port before entering the port for the first time and on an annual basis, all of the following:
 - a) Proof of insurance;
 - b) The truck driver's federal operating authority, commonly referred to as a Motor Carrier (MC) number;
 - c) The truck driver's Department of Transportation (DOT) number issued by the Federal DOT;
 - d) The truck driver's California number issued by the Department of the California Highway Patrol (CHP);
 - e) The truck driver's California motor carrier permit;
 - f) The truck driver's Standard Carrier Alpha Code (SCAC) or the identity of the owner of the SCAC being used; and,
 - g) The truck's registration with the DOT.
- 3) Requires a trucking company to update the port within 30 days of a change to its operation that results in more than 50% of its employees being replaced by independent contractors.
- 4) Requires a person who provides false or misleading information for the purpose of representing compliance with the above requirements to be liable for a civil penalty in the amount of \$20,000.
- 5) Requires a person who fails to comply with 3) above to be liable for a civil penalty in the amount of \$5,000.

- 6) Requires a port to disclose, in a prominent place on its website, the information provided to the port by a trucking company.
- 7) Requires a port to, on or before the 15th of each month, provide to the LC all of the following information regarding each truck that entered the port during the prior month:
 - a) The name of the port and gate used for entry;
 - b) The date and time of entry;
 - c) The name of the truck driver and the truck driver's authority information;
 - d) The name of the owner of the truck;
 - e) The name of the owner of the cargo moved by the truck;
 - f) The standard SCAC, if any, and the owner of the SCAC;
 - g) Whose authority was used for entry;
 - h) The named insured on the insurance policy that covered the truck; and,
 - i) The United States DOT registration number on the truck and the name of the individual who is associated with that registration.
- 8) Requires, upon request by the LC, a port to provide additional information regarding a truck that entered the port.
- 9) Defines "port" to mean the POLB and the POLA.
- 10) Defines "SCAC" to mean a Standard Carrier Alpha Code issued by the National Motor Freight Traffic Association, Inc.
- 11) Defines "trucking company" to mean a company who employs, or contracts with, truck drivers to move cargo for the company's customers under the company's state or federal operating authority or using the company's SCAC.

EXISTING LAW:

- 1) Establishes the Division of Labor Standards Enforcement (DLSE), under the direction of the LC, within the Department of Industrial Relations (DIR) and sets forth its powers and duties regarding the enforcement of labor laws. (Labor Code Section (LAB) 79)
- 2) Requires a person providing labor or services for remuneration to be considered an employee rather than an independent contractor unless the hiring entity demonstrates that certain conditions are satisfied, including that the person is free from the control and direction of the hiring entity in connection with the performance of the work. (LAB 2775)
- 3) Prohibits a person or entity from entering into a contract or agreement for labor or services with a construction, farm labor, garment, janitorial, security guard, port drayage motor carrier, or warehouse contractor, if the person or entity knows or should know that the contract or agreement does not include funds sufficient to allow the contractor to comply with all applicable local, state, and federal laws or regulations governing the labor or services to be provided. (LAB 2810)
- 4) Defines "port drayage motor carrier" to mean an individual or entity that hires or engages commercial drivers in the port drayage industry. "Port drayage motor carrier" also means a registered owner, lessee, licensee, or bailee of a commercial motor vehicle that operates or

directs the operation of a commercial motor vehicle by a commercial driver on a for-hire or not-for-hire basis to perform port drayage services in the port drayage industry. (LAB 2810.4)

- 5) Defines “port drayage services” to mean the movement within California of cargo or intermodal equipment by a commercial motor vehicle whose point-to point movement has either its origin or destination at a port. It does not include employees performing the intra-port or inter-port movement of cargo or cargo handling equipment under the control of their employers. (LAB 2810.4)
- 6) Requires, on and after January 1, 2025, a customer that, as part of its business, engages uses a port drayage motor carrier to share with the motor carrier or the motor carrier’s successor all civil legal responsibility and civil liability owed to a port drayage driver or the state arising out of the motor carrier’s misclassification of the driver as an independent contractor. (LAB 2810.4)
- 7) Directs the DLSE to post on its website the names, addresses, and essential information for a port drayage motor carrier with an unsatisfied final court judgment, tax assessment, or tax lien that may be released to the public under federal and state disclosure laws, including any order, decision, or award obtained by a public or private person or entity finding that a port drayage motor carrier has engaged in illegal conduct. (LAB 2810.4)
- 8) Requires a person operating a commercial motor vehicle to possess a valid commercial driver’s license of the appropriate class. (Vehicle Code Section (VEH) 15250)
- 9) Requires a commercial motor vehicle operating on any public highway to register with the California Highway Patrol (CHP), obtain a carrier identification number, and hold a valid motor carrier permit issued to that motor carrier by the CHP. (VEH 34620)
- 10) Requires every motor carrier operating a vehicle to complete inspection, maintenance, and lubrication services required of all motor carriers, and be inspected at least every 90 days, or more often if necessary to ensure safe operation. This inspection shall include, but not be limited to, all of the following:
 - a) Brake adjustment;
 - b) Brake system components and leaks;
 - c) Steering and suspension systems;
 - d) Tires and wheels; and,
 - e) Vehicle connecting devices. (VEH Section 34505.9)

FISCAL EFFECT: According to the Senate Committee on Appropriations:

“Administrative costs to the Department of Industrial Relations (DIR) have yet to be identified, but could potentially exceed \$150,000 annually (special fund).

By imposing new duties on specified ports, this bill creates a state-mandated local program. To the extent the Commission on State Mandates determines that the provisions of this bill create a new program or impose a higher level of service on local agencies, local agencies could claim reimbursement of those costs. The magnitude is unknown, but potentially in excess of \$50,000 annually (General Fund).

This bill could result in increased penalty revenue, the magnitude of which is unknown.”

COMMENTS: California has 12 seaports (11 public, one private) which vary in size, operations, and finances, due to the types of goods imported and exported or if the port operates publicly or privately. For example, POLA and POLB, the largest ports in the country, are port landlords and maintain agreements with private terminal operators, the Port of Hueneme directly operates the seaport, shares the port with the United States Navy, and with companies and terminals operating outside of the port boundaries or gates, and the Port of Benicia is privately operated and operated. California’s ports process approximately 40% of all containerized imports and 30% of all exports in the United States. Port truckers move these goods, with approximately 33,500 drayage trucks servicing California’s seaports and railyards annually.

Port drayage, also known simply as drayage, refers to the short-distance transportation of freight, typically containers, using trucks. It usually involves moving goods between a port and another location, such as a rail yard, warehouse, or distribution center. Drayage operations in California are subject to regulations aimed at reducing emissions and improving air quality, particularly in communities near ports.

Drayage and freight operations are different between ports. POLA and the Port of Oakland maintain concession agreements with licensed motor carriers (LMC) for truckers entering and exiting their respective ports, while the POLB does not have a formal concession agreement but rather administers a drayage truck registry. Both the concession agreements and registries are the primary tools used to ensure compliance with the port’s clean trucks programs. On the other hand, many of the smaller ports do not administer concession agreements or registries, rather, the private terminal operators set up agreements with or employ drayage trucks and its drivers. In these instances, the ports collect very minimal truck driver or trucking company information as the responsibility is on the companies to collect any required driver information for security clearances.

Identifying trucks and drivers. Operators of commercial vehicles, outside of and within the port, must carry the following documents, and show them if law enforcement requests them: driver’s license, registration documents, proof of insurance, special permits for oversize and overweight loads, hazardous materials shipping papers, fuel tax permits, hours of service records, bills showing content and origin of agricultural products, and proof of sales tax payment.

Drayage and freight trucks operating at California seaports or intermodal railyards have additional requirements for documentation, including; registration with the California Air Resources Board (CARB) through the Truck Regulations Upload, Compliance, and Reporting System (TRUCRS) system, a Transportation Worker Identification Credential (TWIC) for unescorted access to secure areas, potential port-specific requirements like Clean Trucks Program registration or port authority identifications, the contract between the shipper and carrier, and a document of title.

A SCAC is a unique code used in the goods movement industry as an identification tool primarily used by freight carriers. The National Motor Freight Traffic Association (NMFTA) assigns SCAC codes and they used for a variety operational tasks at seaports such as carrier identification, compliance with certain United States customs regulations, and intermodal transport to identify containers, trailers, and chassis. Not every seaport in California uses SCACs as part of their port operations.

Terminal operators at a California port are required to report specific information to the Labor Commissioner (LC) particularly concerning employees working under contract or through third-party arrangements. Existing law requires the public listing of port drayage motor carriers with specific unsatisfied judgments or liens. Additionally, the California Wage Theft Prevention Act (CAWTPA), mandates that employers, including port terminal operators, provide their employees with certain information in writing such as the employee's pay rate and allowances counted towards the minimum wage like meal or lodging benefits. Businesses using workers from a labor contractor can share civil liability for wage and hour and workers' compensation violations.

Misclassification of drivers. Wage theft occurs when an employer does not pay a worker the amount the worker is due, or does not pay the worker for all of their working hours. California has enacted a variety of laws aimed at preventing wage theft, however, misclassification of workers can also lead to wage theft. Misclassification is when an employer incorrectly classifies an employee as an independent contractor. Independent contractors do not maintain the same protections under the law as full-time employees such as the ability to file wage and benefit claims, and to be covered by workers' compensation insurance

A 2019 UC Berkeley study found that 23% of truck drivers in California were classified as independent contractors. It is important to note that this study estimated the number of drivers classified as independent contractors, but it did not provide a specific percentage for those misclassified as independent contractor. In driver surveys, independent contractors reported an average net income 18% lower than that of employee drivers. Independent contractors were also over twice less likely than employee drivers to have health insurance and almost three times less likely to have retirement benefits.

This bill seeks to make certain information about trucking companies and their employees' public in order to better assess misclassification of truck drivers at POLA and POLB.

According to the author. "SB 703 brings long-overdue accountability and transparency to California's port trucking industry. For too long, we've allowed a system to persist that exploits hardworking truck drivers by misclassifying them as independent contractors. This illegal practice robs them of basic workplace protections and puts the burden of operating costs on their shoulders, all while companies profit. SB 703 is a straightforward, data-driven solution that empowers our enforcement agencies to finally see who is operating within the system, and how. By requiring the state's largest ports to collect key information about trucking company operations, we can identify bad actors, ensure labor laws are upheld, and protect compliant businesses that are being undercut by those breaking the rules. This bill builds on years of work to close loopholes that have allowed misclassification to thrive and will give cargo owners the tools they need to make lawful choices about who they hire. It also supports our broader goals around environmental justice and supply chain efficiency. SB 703 is about fairness, accountability, and restoring dignity to the drivers who keep our ports—and our economy—moving."

Committee comments. This bill requires POLA and POLB to report on information they obtain from drayage and freight trucking companies and drayage and freight truck drivers such as worker's compensation, insurance, and vehicle identification. To obtain this information, these ports would have to develop and implement a new data collection process to collect and submit

data to the LC. Terminal operators using the port facility likely have most of the information required in the bill; however, it is likely terminal operators employ misclassified contract workers. In order to better accommodate a reporting process with information the ports have access to, and specify this applies to port drayage motor carrier operators, the committee may wish to make the following amendments:

- 1) Strike Harbors and Navigator Code Section (HNC) 2050. ~~A port shall disclose, in a prominent place on its internet website, the information provided to the port by a trucking company pursuant to Section 2790.1 of the Labor Code.~~
- 2) Amend HNC 2051 as follows:
 - (a) A port shall, on a quarterly basis or before the 15th of each month, provide to the Labor Commissioner post on its website all of the following information regarding each truck that entered the port during the prior month:
 - (1) The name of the port and gate used for entry.
 - (2) The date and time of entry.
 - ~~(3) The name of the truck driver and the truck driver's authority information.~~
 - (4) (3) The name of the owner of the truck.
 - ~~(5) The name of the owner of the cargo moved by the truck.~~
 - (6) (4) The standard SCAC, if any, and the owner of the SCAC.
 - ~~(7) (5)~~ Whose authority was used for entry.
 - (8) (6) The named insured on the insurance policy that covered the truck.
 - (9) (7) The United States Department of Transportation registration number on the truck and the name of the individual who is associated with that registration.
 - (b) Upon request by the Labor Commissioner, a port shall provide additional information in possession of the port regarding a truck that entered the port.
 - (c) A port is not required to verify the accuracy of any information provided pursuant to this chapter that it receives from third parties.
- 3) Amend LAB 2790 as follows:
 - (c) "Trucking company" means a ~~company~~ port drayage motor carrier, as defined in Section 2810.4, who employs, or contracts with, truck drivers to move cargo to or from a port for the company's customers under the company's state or federal operating authority or using the company's SCAC.
 - (d) "Truck driver" has the same meaning as commercial driver, as defined in Section 2810.4.

Even with suggested amendments, this bill poses an administrative burden on POLA and POLB to collect and maintain data related to worker's compensation insurance policy, the number of employee truck drivers covered by the policy, proof of insurance, among others. It is the understanding of the committee that the author and sponsor will be continuing to work on LAB 2790.1, and will keep the committee updated on progress and changes.

In support, Teamsters California writes, “There is no data collection on whether trucking companies utilize employee drivers or independent contractors have individual operating authority to actually conduct trucking business. This missing information is not only critical to enforcement, but also necessary for cargo owners so they do not find themselves holding the bag for trucking company’s illegal conduct.”

In opposition, the Western States Trucking Association writes, “In a state where the cost of goods continues to escalate, further jeopardizing affordability for Californians, the Legislature continues to drive these prices up by curtailing the use of independent contractor owner-operators within the trucking. Instead of creating further obstacles to cost-effective goods movement, like with SB 703, the Legislature should focus its efforts on crafting a workable trucking carveout to the ABC test, which actually facilitates the use of legitimate owner-operators instead of abolishing them.”

Previous legislation. SB 809 (Durazo of 2025) would promote compliance with the ABC test in the construction trucking industry by 1) creating the Construction Trucking Employee Amnesty Program to relieve eligible construction contractors of liability for statutory or civil penalties associated with misclassification, as specified and 2) establishing the use of a “two-check” system to compensate construction drivers. This measure is pending before this Committee.

AB 2754 (Rendon), Chapter 739, Statutes of 2024 among other things, requires on or after January 1, 2025 a customer that uses a port drayage motor carrier to share all civil legal responsibility and civil liability regardless of whether or not the port drayage motor carrier is on the DLSE list.

SB 338 (Gonzalez), Chapter 333, Statutes of 2021 expands the set of violations that can cause port drayage contractors to be placed on a DLSE list that extends joint liability for future violations to customers of that contractor.

SB 1402 (Lara), Chapter 702, Statutes of 2018 requires joint and several liability for customers who contract with port drayage services who have unpaid wage, tax and workers’ compensation liability.

AB 469 (Swanson), Chapter 655, Statutes of 2011 among other provisions, requires an employer to provide each employee, at the time of hiring, with a notice that specifies the rate and the basis, whether hourly, salary, commission, or otherwise, of the employee’s wages and to notify each employee in writing of any changes to the information set forth in the notice within seven calendar days of the changes unless such changes are reflected on a timely wage statement or another writing, as specified.

REGISTERED SUPPORT / OPPOSITION:

Support

California Federation of Labor Unions, AFL-CIO

Heavy Load Transfer

Pac9

Sea Logix

Shippers Transport Express

Taylorred

Teamsters California

Oppose

Western States Trucking Association

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