



COALITION OF DMV MOTOR CARRIER PERMIT HOLDERS



AB 5 Implementation Alert

The below listed organizations have a shared concern over the upcoming implementation of Assembly Bill 5 and the effect on 50-70,000 predominantly minority-owned businesses on January 1, 2020.

Last year, the trucking industry offered language that would have protected workers while ensuring that legitimate owner-operators would continue to be able to stay in business. Unfortunately, independent truckers received no workable carve-out.

The independent "owner-operator" trucker has long been the backbone of the trucking industry. There are approximately 500,000 owner-operators nationwide, constituting about 15-20% of the entire driver workforce. The average owner-operator is an experienced driver who has been in trucking for 26 years. These owner-operators service all parts of California's economy, including agriculture, construction, retail, and manufacturing.

According to EDD's Labor Market Information, California's driver workforce is 52.5% Latino, 6.1% African-American, and 6.3% Asian.

Of the 73,023 trucking companies active in California in 2017, 52,064 or 71.3% of these companies ran just a single truck. We estimate there are another approximately 20,000 owner-operators in interstate commerce who are not required to register as California motor carriers.

It is these small business truckers who will be most directly impacted by AB 5 as, under the “ABC” test, a worker providing a service within an employer’s usual course of business will never be considered an independent contractor. Independent truckers are already being informed that their ability to perform services and make a living will be impacted.

The independent trucker is a model of the blue-collar entrepreneur. Independent truckers make significant investments into their businesses. According to the National Auto Dealers Association, the average retail cost of a new Class 8 truck in 2017 was \$118,287. Insurance on a single truck typically starts at around \$2,000 for a leased owner-operator and \$8,000 for an owner-operator with authority.

For the last year, independent truckers have consistently requested and demonstrated publicly for an amendment to protect their businesses and their investments. To date they have been ignored. We are hopeful that when the Legislature reconvenes that it will work on a fix for the 50-70,000 independent truckers who stand to be harmed by AB 5.

Sincerely,

California Trucking Association

American Trucking Associations
California Association of Winegrape Growers
California Fuels & Convenience Alliance
Coalition of DMV Motor Carrier Permit Holders
Harbor Trucking Association
Hayward Chamber of Commerce
Northern California Engineering Contractors Association
Owner-Operator Independent Drivers Association
Western States Trucking Association