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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### **AB 1340 (Wicks) - Transportation network company drivers: labor relations**

**Version:** June 19, 2025

**Policy Vote:** L., P.E. & R. 4 - 1, TRANS.  
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**Urgency:** No

**Mandate:** No

**Hearing Date:** August 18, 2025

**Consultant:** Robert Ingenito

**Bill Summary:** AB 1340 would establish the Transportation Network Company (TNC) Drivers Labor Relations Act, as specified.

**Fiscal Impact:** The Public Employment Relations Board (PERB) indicates that it would incur one-time costs of \$1.35 million, and \$2 million ongoing to implement the provisions of the bill (General Fund).

**Background:** AB 5 (Gonzalez, 2019) codified a three-part test stemming from a California Supreme Court ruling to determine whether a worker is classified as an employee or independent contractor. The National Labor Relations Act, (NLRA) guarantees employees' collective bargaining rights; additionally, employers incur greater costs from hiring employees as opposed to independent contractors (e.g., payroll contributions such as Social Security and Medicare, potential health benefit contributions, etc.). Consequently, employers have an incentive to misclassify employees as independent contractors. AB 5 sought to address misclassification by categorizing most workers as employees but provided exclusions for specified workers. AB 5 initially classified TNC drivers as employees, which would have brought them under the NLRA's provisions and would have guaranteed them the right to organize and collectively bargain with TNCs, such as Uber and Lyft.

In 2020, TNCs and other app-based delivery companies supported Proposition 22, which exempted drivers from AB 5 and classified them as independent contractors. Proposition 22 also authorized the Legislature to amend the measure's provisions with a seven-eighths vote and specified topics that would be considered an "amendment" to the measure, such as a statute authorizing an organization to represent the interests of app-based drivers in connection with a driver's contractual relationship with a TNC, compensation, benefits, or working conditions. In 2023, an appellate court ruled the section of the measure deeming legislation on specified topics to be an "amendment" to the measure unconstitutionally impeded the Legislature's authority.

**Proposed Law:** This bill, the Transportation Network Company Drivers Labor Relations Act, among other things, would do the following:

- Establish that TNC drivers have the right to form, join, and participate in the activities of TNC driver organizations of their own choosing to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection. Provide that TNC drivers also have the right to refuse to join or participate in the activities of TNC driver organizations. Require PERB to enforce these provisions.

- Require all TNCs, commencing on January 1, 2026, and every 3 months thereafter, to submit certain identifying and related personal work information about TNC drivers to PERB in a list format, as prescribed.
- Establish various procedures governing the certification and decertification of TNC driver organizations for purposes of representing drivers in the collective bargaining process. Require PERB to compile driver list information and make certain determinations as to whether a specific organization has been designated as the bargaining representative for TNC drivers pursuant to an election process.
- Establish various notice requirements, conditions, and timelines governing the representation of TNC drivers.
- Require TNCs and certified driver bargaining organizations to negotiate in good faith pursuant to the Act, as described, and set forth procedures for mediation and arbitration for purposes of reaching a bargaining agreement.
- Make it an unfair labor practice for a TNC, an agent of a TNC, or a multicompany committee, as defined, to fail or refuse to negotiate in good faith with a certified driver bargaining organization, among other things.
- Make it an unfair labor practice for a certified driver bargaining organization or its agents to fail to negotiate in good faith with a TNC or multicompany committee, among other things.
- Set forth unfair labor practice charge procedures and remedies for those practices.
- Exclude from public disclosure information regarding TNC drivers that is submitted to PERB pursuant to the Act, with specified exceptions.

**Related Legislation:**

- AB 283 (Haney) would establish the In-Home Supportive Services (IHSS) Employer-Employee Relations Act to shift collective bargaining with IHSS providers from the county or public authority to the state and would also provide PERB jurisdiction of labor relations between the state and IHSS workers. This is currently pending in this Committee.
- AB 672 (Caloza, 2025) would grant PERB the right, upon timely application, to intervene in a civil action arising from a labor dispute involving public employee strike actions that PERB claims implicates the constitutionality, interpretation, or enforcement of a statute administered by PERB. This bill is currently pending before the Senate Judiciary Committee.
- SCA 7 (Umberg, 2023) would have established a broad-based constitutional right for any person in California to form or join a union and for that union to represent the person in collective bargaining with the person's respective employer. This measure died in the Senate Elections and Constitutional Amendments Committee.

- AB 1776 (Assembly Committee on Labor and Employment, Chapter 133, Statutes of 2023), inter alia, updated an obsolete cross-reference defining an employee in the provision that requires employers to secure the payment of workers' compensation for injuries incurred by employees from Labor Code §2750.3 to Labor Code §2775.
- Proposition 22, The Protect App-Based Drivers and Services Act, November 3, 2020, General Election, codified as Cal. Bus. & Prof. Code § 7448-7467 (West 2020), provided that, notwithstanding any other provision of law, including, but not limited to, the Labor Code, the Unemployment Insurance Code, and any orders, regulations, or opinions of the Department of Industrial Relations or any board, division, or commission within the Department of Industrial Relations, an app-based driver is an independent contractor and not an employee or agent with respect to the app-based driver's relationship with a network company if they meet specified conditions.
- AB 5 (Gonzalez, Chapter 296, Statutes of 2019) codified the decision of the California Supreme Court in *Dynamex Operations West, Inc. v. Superior Court of Los Angeles* (2018) that presumes a worker is an employee unless a hiring entity satisfies a three-factor test, and exempts from the test certain professions and business-to-business relationships.
- AB 378 (Limón, Chapter 385, Statutes of 2019) established the Building a Better Early Care and Education System Act to provide licensed and unlicensed childcare providers the right to form a single, statewide childcare provider organization to negotiate collectively with the state and also required PERB to regulate those collective bargaining rights, as specified.

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