
THIRD READING

Bill No: AB 1340
Author: Wicks (D) and Berman (D), et al.
Amended: 9/2/25 in Senate
Vote: 21

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 4-1, 6/25/25
AYES: Smallwood-Cuevas, Cortese, Durazo, Laird
NOES: Strickland

SENATE TRANSPORTATION COMMITTEE: 11-4, 7/8/25
AYES: Cortese, Archuleta, Arreguín, Blakespear, Cervantes, Gonzalez, Grayson,
Limón, Menjivar, Richardson, Umberg
NOES: Strickland, Dahle, Seyarto, Valladares

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/29/25
AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab
NOES: Seyarto, Dahle

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 4-1, 9/3/25
AYES: Smallwood-Cuevas, Cortese, Durazo, Laird
NOES: Strickland

ASSEMBLY FLOOR: 54-15, 6/4/25 - See last page for vote

SUBJECT: Transportation network company drivers: labor relations

SOURCE: Service Employees International Union, California

DIGEST: This bill would establish the Transportation Network Company (TNC) Drivers Labor Relations Act to require bargaining for a sectoral agreement between TNCs and TNC Driver organizations. This bill would require the Public Employment Relations Board (PERB) to administer its provisions.

ANALYSIS:

Existing law:

- 1) Governs collective bargaining in the private sector under the federal National Labor Relations Act (NLRA), but leaves it to the states to regulate collective bargaining in their respective public sectors. While the NLRA and the decisions of its National Labor Relations Board (NLRB) often provide persuasive precedent in interpreting state collective bargaining law, public employees have no collective bargaining rights absent specific statutory authority establishing those rights. (29 United States Code §§151 et seq.)
- 2) Provides under the U.S. Constitution that federal law preempts state law when the two conflict. (U. S. Const., Art. VI, cl. 2.)
- 3) Requires under U.S. Supreme Court jurisprudence that “[w]hen an activity is arguably subject to §7 or §8 of the [NLRA], the States as well as the federal courts must defer to the exclusive competence of the National Labor Relations Board”. (*San Diego Building Trades Council v. Garmon*, 359 U. S. 236, 245 (1959))¹
- 4) Provides several statutory frameworks under California law to provide *public employees* collective bargaining rights, govern public employer-employee relations, and limit labor strife and economic disruption in the public sector through a reasonable method of resolving disputes regarding wages, hours and other terms and conditions of employment between public employers and recognized public employee organizations or their exclusive representatives. (See e.g., the Meyers-Milias-Brown Act (MMBA) which governs employer-employee relations for local public employers and their employees.) (Government Code §§3500 et seq.)
- 5) Establishes the Public Employment Relations Board (PERB), a quasi-judicial administrative agency charged with administering certain statutory frameworks governing *California* state and local public employer-employee relations, resolving disputes, and enforcing the statutory duties and rights of public

¹ As restated by Justice Barret in *Glacier Northwest, Inc. v. International Brotherhood of Teamsters Local Union No. 174*, 598 U.S. 771 (2023), “Preemption under the NLRA is unusual, though, because our precedent maintains that the NLRA preempts state law even when the two only arguably conflict. *San Diego Building Trades Council v. Garmon*, 359 U. S. 236, 245 (1959) (‘When an activity is arguably subject to §7 or §8 of the [NLRA], the States as well as the federal courts must defer to the exclusive competence of the National Labor Relations Board’). This doctrine—named Garmon preemption after the case that originated it—thus goes beyond the usual preemption rule. Under Garmon, States cannot regulate conduct ‘that the NLRA protects, prohibits, or arguably protects or prohibits.’ *Wisconsin Dept. of Industry v. Gould Inc.*, 475 U. S. 282, 286 (1986).”

agency employers, employees, and employee organizations. (Government Code §3541 et seq.)

- 6) States that 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 the following conditions are met:
 - a) The network company does not unilaterally prescribe specific dates, times of day, or a minimum number of hours during which the app-based driver must be logged into the network company's online-enabled application or platform.
 - b) The network company does not require the app-based driver to accept any specific rideshare service or delivery service request as a condition of maintaining access to the network company's online-enabled application or platform.
 - c) The network company does not restrict the app-based driver from performing rideshare services or delivery services through other network companies except during engaged time.
 - d) The network company does not restrict the app-based driver from working in any other lawful occupation or business. (Business and Professions Code (B&P) §7451)²
- 7) Defines an app-based driver as a Delivery Network Company courier, TNC driver, or Transportation Charter Party driver or permit holder that meets specified conditions. (B&P Code §7463(a))
- 8) Requires a network company to ensure that for each earnings period, the company compensates an app-based driver not less than a specified net earnings floor. The net earnings floor establishes a guaranteed minimum level of compensation for app-based drivers. (B&P Code §7453(a))
- 9) Requires a network company, consistent with the average contributions required under the Affordable Care Act, to provide a quarterly health care subsidy to qualifying app-based drivers, as described. (B&P Code §7454(a))
- 10) Provides by initiative, approved by the voters in Proposition 22 (2020) and upheld by the California Supreme Court, that TNC drivers are independent

² California voters enacted these provisions by approving Proposition 22, *The Protect App-Based Drivers and Services Act*, in the November 3, 2020, statewide general election.

contractors not employees pursuant to AB 5. (Proposition 22, *The Protect App-Based Drivers and Services Act*, November 3, 2020, codified as Cal. Bus. & Prof. Code § 7448-7467 (West 2020); *Castellanos v. State of California*, 89 Cal. App. 5th 131, 2023; AB 5 (Gonzalez, Chapter 296, Statutes of 2019))

- 11) Establishes the Agricultural Labor Relations Act through which the Legislature provides collective bargaining rights to agricultural workers whom the NLRA excludes from its provisions. (Labor Code §1140 et seq.)

This bill:

- 1) Establishes the Transportation Network Company Drivers Labor Relations Act (“the Act”) in the Business and Professions Code to provide transportation network company (TNC) drivers the opportunity to self-organize and designate representatives of their own choosing. [For a detailed analysis of this bill’s provisions, please see the Senate Labor, Public Employment and Retirement Committee’s policy analyses of this bill, which are incorporated by reference herein. The following summarizes some of this bill’s key provisions.]
- 2) Makes several declarations of state policy related to the Act’s necessity, including a declaration that state policy includes establishing various notice requirements, conditions, and timelines governing the representation of TNC drivers; to require TNCs and certified unions to negotiate in good faith; and to set forth procedures for mediation and arbitration for purposes of reaching a bargaining agreement.
- 3) Defines several key terms included in the Act, including, but not limited to, the following:
 - a) “Active TNC driver” means a TNC driver who has driven at least the minimum number of rides (20 completed rides within the prior six months) with a covered TNC’s platform in the State of California, as determined by PERB.
 - b) “Covered TNC” means a TNC that is a covered TNC based on ride-share volume calculation, as specified, whereby TNCs that collectively form on a quarterly basis 95% of the rideshare market, are covered TNCs.
 - c) “Sectoral agreement” means an agreement between covered TNCs and the certified driver union that meets the Act’s requirements and that applies to all covered TNCs, as specified.

- d) “Transportation network company driver organization” or “TNC driver organization” means an organization that has all of the following characteristics:
- i) The organization has engaged in advocacy for drivers who transport passengers in California, or is affiliated with an organization that has engaged in advocacy for drivers who transport passengers in California, for a minimum of five years.
 - ii) The organization has experience, or is affiliated with an organization that has experience, in negotiating collective bargaining agreements and representing workers under those agreements, including the representation of workers in filing unfair labor practice charges and in grievance proceedings.
 - iii) The organization has as one of its main purposes the representation of workers in their labor relations.
 - iv) The organization’s bylaws or other internal governing documents will give TNC drivers the right to be members of the organization and to participate in the democratic control of the organization if the bargaining unit chooses to be represented by the organization.
 - v) The organization is not sponsored by, dominated by, or controlled by a transportation network company.
 - vi) The organization is not a company union.
- 4) Provides that TNC drivers have the right to form, join, and participate in the activities of TNC driver organizations, to bargain through representatives of their own choosing, to engage in concerted activities for the purpose of bargaining or other mutual aid or protection, and to refrain from such activities.
- 5) Assigns jurisdiction to PERB to administer and enforce the Act, as specified.
- 6) Obligates TNCs to provide PERB with data, as specified, necessary to administer the Act.
- 7) Sets forth procedures for PERB to determine and certify a TNC drivers union to represent all eligible TNC drivers, as specified, in the state.
- 8) Provides procedures for PERB to administer TNC union elections, certification, and decertification petitions.
- 9) Grants the certified union the right to represent all TNC drivers with respect to bargaining rights provided by the Act and sets forth the union’s rights and duties, as specified.

- 10) Imposes notification requirements on the parties, as specified, including requirement for TNCs to provide a PERB-developed notice to all TNC drivers notice describing the union's representation and the drivers' rights under the Act.
- 11) Requires all covered TNC companies to bargain with the certified union concerning matters within the scope of representation.
- 12) Defines "scope of representation" to mean TNC driver earnings, benefits, and other terms and conditions of work, including deactivations, which shall be mandatory subjects of bargaining.
- 13) Lists minimum mandatory subjects that a sectoral agreement between the parties must include unless waived by mutual agreement
- 14) Requires the parties to negotiate in good faith.
- 15) Requires covered TNC drivers to ratify the recommended sectoral agreement.
- 16) Provides for mediation and arbitration procedures to resolve disputes among the parties.
- 17) Exempts parties in mediation or arbitration from the Bagley-Keene Open Meeting Act.
- 18) Defines unfair practices under the Act.
- 19) Sets out PERB's obligations and timelines to review and approve or disapprove the sectoral agreement.
- 20) Provides PERB authority to adopt regulations as emergency regulations.
- 21) Provides procedures if court orders enjoin the sectoral agreement.
- 22) Contains a severability clause.
- 23) Includes other provisions to implement the Act.

BACKGROUND:

Need for this bill?

According to the author:

“AB 1340 provides a statutory path for rideshare drivers to organize and have a voice on the job. Because of the 2021[sic] gig industry-backed ballot measure Prop 22, rideshare drivers are considered independent contractors under California law and do not have access to worker protections such as workers’ compensation, sick leave or overtime. Furthermore, as independent contractors, rideshare drivers are not covered by the National Labor Relations Act (ACT), and therefore, have no right to organize or collectively bargain with rideshare companies under federal law. Drivers do not have the ability to negotiate their routes, their wages, or their benefits. Yet they must take on all of the expenses of fuel and maintaining their vehicles, in addition to any costs that may arise from getting into roadside accidents. California’s more than 800,000 gig rideshare drivers deserve the right to have a seat at the table and bargain for better pay, meaningful benefits, job security, as well as safety measures for themselves and their passengers.”

Related/Prior Legislation

AB 283 (Haney, 2025) 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 bill is currently pending on the Senate Floor.

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 was ordered to the Senate Inactive File at the request of the author.

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.

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 required PERB to regulate those collective bargaining rights, as specified.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

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).

SUPPORT: (Verified 9/4/25)

Service Employees International Union, California (Source)
Alliance of Californians for Community Empowerment
American Federation of State, County and Municipal Employees
Asian Pacific Environmental Network
Bay Rising Action
California Coalition for Worker Power
California Domestic Workers Coalition
California Federation of Labor Unions
California Immigrant Policy Center
California LULAC State Organization
California School Employees Association
California Working Families Party
Chinese Progressive Association
Chispa, a Project of Tides Advocacy
Coalition of California Welfare Rights Organizations
County of Alameda Supervisor Nikki Fortunato Bas
County of Sonoma Supervisor Lynda Hopkins

Courage California
East Bay Alliance for a Sustainable Economy
End Poverty in California
Grace Institute - End Child Poverty in CA
Innecity Struggle
Jobs With Justice San Francisco
Koreatown Immigrant Workers Alliance
Los Angeles Alliance for a New Economy
National Day Laborer Organizing Network
National Union of Healthcare Workers
North Bay Jobs With Justice
Parent Voices Oakland
Power CA Action
San Francisco Senior and Disability Action
Sonoma County Conservation Action
Southern Christian Leadership Conference Southern California
St. John's Community Health
The TransLatin@ Coalition
Trabajadores Unidos Workers United
United Teachers Los Angeles
Western Center on Law & Poverty, INC.

OPPOSITION: (Verified 9/4/25)

Bay Area Council
California Asian Pacific Chamber of Commerce
California Black Chamber of Commerce & Foundation
California Chamber of Commerce
California Hispanic Chambers of Commerce
California Pacific Asian Chamber of Commerce
California Taxpayers Association
Central City Association of Los Angeles
Chamber of Progress
Consumer Choice Center
Crime Survivors Resource Center
Family Business Association of California
Gateway Chambers Alliance
Hispanic Chambers of Commerce of San Francisco
Latino Restaurant Association
Long Beach Area Chamber of Commerce
Long Beach Chamber of Commerce

Los Angeles County Business Federation
National Action Network - Sacramento Chapter
National Action Network Western Region
National Diversity Coalition
Orange County Business Council
Protect App-based Drivers & Services Coalition
Rideshare Drivers United
San Diego Regional Chamber of Commerce
TechNet

ARGUMENTS IN SUPPORT:

According to the Service Employees International Union, California:

“Since independent contractors are excluded from coverage under the National Labor Relations Act, AB 1340 provides the needed state legislation and authorization for rideshare drivers to exercise the right to organize and collectively bargain that other workers enjoy under federal labor law. AB 1340 ensures that drivers can exercise this right without the fear of antitrust liability.

AB 1340 is historic in that it would empower more than 800,000 workers to have a voice on the job, giving more workers the right to unionize than any other legislation in recent California history. Not since the California Agricultural Labor Relations Act of 1975 extended the right to organize and collectively bargain to farmworkers has our state extended the right to unionize to workers at this scale.”

ARGUMENTS IN OPPOSITION:

According to Rideshare Drivers United:

“We are not aware of any precedent in state or federal law where private-sector workers have been forced into a representational relationship without being granted the basic right to decide for themselves whether, and how, to unionize. These amendments break from the most fundamental principles of labor rights...

California has a historic opportunity to lead the nation by creating a genuine framework for gig workers to win fair pay and collective bargaining rights. But if AB 1340 moves forward in its current form, it will do the opposite: locking workers out of decision-making, legitimizing company-controlled representation, and entrenching the very corporate power it claims to challenge.”

Additionally, according to a coalition of organizations representing community and business leaders, including the National Action Network and the Bay Area Council:

“In addition to undermining voter-approved Proposition 221, AB 1340 is opposed by the vast majority of app-based drivers. This bill is costly, undemocratic and dangerous. AB 1340 would negatively impact the millions of Californians who earn necessary income with app-based rideshare work as it:

- Threatens drivers’ personal information and privacy. AB 1340 mandates companies share sensitive personal information of all “active” drivers – including names, driver’s licenses, home addresses, phone numbers - with outside third-parties. This could subject drivers to unwanted calls, texts and even home visits. This is a dangerous violation of driver privacy.
- Allows a small minority to dictate decisions for all. Under AB 1340, a union only needs signatures from 10% of “active” California drivers to access the private information of all drivers in the state. If a union gathers signatures from 30% of California drivers, it is automatically appointed to represent 100% of drivers. This would occur without a vote, and the union can begin collecting hundreds of dollars in dues. AB 1340 is blatantly undemocratic, and this provision directly contradicts the bill’s purported intent.
- Threatens the independence drivers overwhelmingly prefer and need. Surveys consistently confirm the vast majority of drivers choose app-based work because of the flexibility it provides, as most drive on a part-time, supplemental basis. AB 1340 threatens the independence of app-based rideshare work and the flexibility that drivers need.
- Jeopardizes rideshare work for hundreds of thousands of Californians. Drivers are earning an average of \$37 per hour (including tips and bonuses) under Prop 22. By threatening independent app-based models, the bill puts the earnings of hundreds of thousands of Californians at risk at the worst possible time.
- Disadvantages consumers, threatening the availability and affordability of rideshare. AB 1340 could lead to increased prices and reduced rideshare service availability, especially for disadvantaged and under-resourced communities.”

ASSEMBLY FLOOR: 54-15, 6/4/25

AYES: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Ortega, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ransom, Celeste Rodriguez, Rogers, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Alanis, Davies, DeMaio, Dixon, Ellis, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Macedo, Patterson, Sanchez, Ta, Tangipa, Wallis

NO VOTE RECORDED: Carrillo, Castillo, Chen, Flora, Lackey, Nguyen, Pacheco, Ramos, Michelle Rodriguez, Blanca Rubio

Prepared by: Glenn Miles / L., P.E. & R. / (916) 651-1556
9/6/25 10:36:39

**** END ****