

SENATE THIRD READING
SB 703 (Richardson)
As Amended September 02, 2025
Majority vote

SUMMARY

Requires a trucking company and certain truck drivers to provide the Port of Long Beach or the Port of Los Angeles ("ports") specified information on an annual basis.

Major Provisions

- 1) Requires a trucking company to provide the ports certain information relating to the company's employee truck drivers, such as a sworn affirmation that the company is withholding all required taxes from wages, prior to the company's employee drivers entering the ports for the first time and annually thereafter. Similarly, a truck driver not classified as an employee by a trucking company must provide the ports certain identifying information prior to entering the ports for the first time and annually thereafter.
- 2) Requires a trucking company to update the ports within 30 days of a change to the company's operation that results in more than 50% of employees being replaced by independent contractors. A person who fails to comply with this notice requirement is liable for a civil penalty of \$5,000.
- 3) Provides that a person who gives false or misleading compliance information to the ports is liable for a civil penalty of \$20,000. The ports are not required to verify the accuracy of third-party information they receive, but must make all collected information publicly available.
- 4) Beginning January 1, 2027 requires the ports to publish online certain information regarding each truck that entered the ports during the prior quarter, such as the named insured on the truck's insurance policy.
- 5) Requires the ports to provide additional information regarding a truck that entered the ports upon request by the Labor Commissioner (LC), if the ports possess the information.

Specifies that to facilitate efficient and cost-effective information collection, a port may develop a simplified form that can be completed online.

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 of 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

"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 cost 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."

Arguments 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."

Arguments in Opposition

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."

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

- 1) "One-time costs of approximately \$1.8 million each to the Port of Long Beach and Port of Los Angeles to modify existing truck registration systems, develop a new truck driver registration system, and link all systems to meet quarterly reporting requirements. Additionally, each port would incur annual costs of approximately \$700,000 for the Port of

Long Beach and \$500,000 for the Port of Los Angeles for ongoing maintenance and related staff workload. If the Commission on State Mandates determines this bill's requirements to be a reimbursable state mandate, the state would need to reimburse these costs to the ports (General Fund).

- 2) Minor and absorbable costs to the LC to provide enforcement if a company or driver fails to provide the required information and notice, potentially offset by penalty revenue."

VOTES

SENATE FLOOR: 28-10-2

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares

ABS, ABST OR NV: Hurtado, Reyes

ASM LABOR AND EMPLOYMENT: 7-0-0

YES: Ortega, Flora, Chen, Elhawary, Kalra, Lee, Ward

ASM TRANSPORTATION: 14-1-1

YES: Wilson, Davies, Aguiar-Curry, Ahrens, Carrillo, Harabedian, Hart, Hoover, Jackson, Lowenthal, Papan, Ransom, Rogers, Ward

NO: Macedo

ABS, ABST OR NV: Lackey

ASM APPROPRIATIONS: 11-3-1

YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache

NO: Sanchez, Dixon, Tangipa

ABS, ABST OR NV: Ta

UPDATED

VERSION: September 02, 2025

CONSULTANT: Julia Kingsley / TRANS. / (916) 319-2093

FN: 0001462