
VETO

Bill No: SB 703
Author: Richardson (D)
Enrolled: 9/18/25
Vote: 27

SENATE TRANSPORTATION COMMITTEE: 11-3, 4/8/25

AYES: Cortese, Archuleta, Arreguín, Blakespear, Cervantes, Gonzalez, Grayson, Limón, Menjivar, Richardson, Umberg

NOES: Strickland, Dahle, Valladares

NO VOTE RECORDED: Seyarto

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 4-1, 4/30/25

AYES: Smallwood-Cuevas, Cortese, Durazo, Laird

NOES: Strickland

SENATE APPROPRIATIONS COMMITTEE: 5-1, 5/23/25

AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto

NO VOTE RECORDED: Dahle

SENATE FLOOR: 29-8, 9/13/25

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

NOES: Alvarado-Gil, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland

NO VOTE RECORDED: Choi, Gonzalez, Valladares

ASSEMBLY FLOOR: 66-10, 9/12/25 - See last page for vote

SUBJECT: Ports: truck drivers

SOURCE: Author

DIGEST: This bill requires a trucking company and certain truck drivers to provide the Port of Long Beach or the Port of Los Angeles (Ports) specific driver information, as specified and requires the Ports to publically publish driver information on trucks entering the Ports a quarterly basis.

ANALYSIS:

Existing Law:

- 1) Regulates the operation of ports and harbors, as specified.
- 2) 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.
- 3) 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.
- 4) 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, both under the contract for the performance of the work and in fact.
- 5) At the federal level, the Federal Aviation Administration Authorization Act of 1994 regulates various aspects of the transportation sector, including, but not limited to, motor carriers and further specifies this Act preempts State’s authority over the price, route, and service of motor carriers.

This bill:

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

Comments

- 1) *Purpose of this bill.* According to the author, “For too long, unscrupulous employers have misclassified truck drivers at ports as independent contractors, denying them fair wages, essential benefits, and workplace protections. While 82% of port truck drivers are labeled as independent contractors, studies indicate that over 80% of them are, in reality, misclassified employees.¹ This practice not only harms workers, but also undermines law-abiding businesses, weakens supply chain efficiency, and slows progress toward our environmental goals. California has taken significant action in recent years to combat this, yet enforcement challenges remain due to a critical lack of data. Without clear information on trucking companies’ business structures—whether they employ drivers or rely on independent contractors—state agencies and cargo owners cannot fully ensure compliance with labor laws. This information will allow enforcement agencies to better identify violations and ensure that cargo owners

¹ REBECCA SMITH ET AL., THE BIG RIG OVERHAUL 32 (2014), <https://www.laane.org/wp-content/uploads/2014/02/BigRigOverhaul2014.Pdf> (citing GAO, GAO-09-717, Employee Misclassification 10 (2009))

do not unknowingly contract with bad actors. By closing this gap in data collection, we can strengthen enforcement mechanisms, promote fair competition, and protect hardworking truck drivers from exploitation.”

- 2) *Seaports in California.* California has 12 seaports (11 public, 1 private), through which large volumes of goods are both imported and exported internationally. The 12 seaports vary in size, operations, and finances. For example, California contains the nation’s two largest seaports, the Port of Los Angeles (POLA) and the Port of Long Beach—both operated by public entities—as well as a smaller ports, such as the Port of Benicia (private).

With respects to International Commerce and volume, according to a 2022 report by the Legislative Analyst Office, “ports are facilities where goods are loaded and unloaded from ships, as well as where goods are processed and prepared for further distribution to retailers and consumers. Ports handle a significant portion of international commerce. For example, waterborne vessels were the leading transportation mode for international freight in 2020, moving 40 percent of U.S. international freight value (worth more than \$1.5 trillion) and 70 percent of freight by weight (almost 1.5 trillion tons). Specifically, for 2023, the POLA alone processed 8.6 million twenty-foot equivalent (TEU) containers with its top five trading partners including China (#1), Japan, Vietnam, and Taiwan.

- 3) *Port Drayage.* Port drayage services refer to the movement of cargo or intermodal equipment by a commercial motor vehicle between ports and warehouses for conveyance onto ships, trucks, or retail cars. Simply put, drayage is an essential logistical function that ensures freight moves from its origin point to its destination. As mentioned, California has 12 ports through which large volumes of goods are both imported and exported internationally. These ports vary in size, operations, and finances, but combined, they process about 40% of all containerized imports and 30% of all exports in the United States. Port truckers make this movement of goods possible, with approximately 33,500 drayage trucks servicing California’s seaports and railyards annually. The port trucking industry is worth upwards of \$12 billion per year.
- 4) *Worker Misclassification.* Although California’s port truckers are an integral part of the nation’s supply chains, many of them are victims of exploitative labor practices and misclassification. Decades-long efforts to undercut port trucker wages, rights, and livelihoods have had serious consequences.

Misclassification is particularly harmful because independent contractors do not enjoy the same protections employees do. For example, employees must be paid at least the minimum wage, are due overtime, generally cannot be forced to pay for equipment needed to do the job, must be covered by workers' compensation, and are entitled to unemployment and disability insurance. A 2014 National Employment Law Project (NELP) report found that approximately 49,000 of the 75,000 port truck drivers in the US are misclassified as independent contractors. In driver surveys, independent contractors reported an average net income 18% lower than that of employee drivers. Independent contractors were also two-and-a-half times less likely than employee drivers to have health insurance and almost three times less likely to have retirement benefits. A 2017 investigative report by USA Today found that port trucking companies in Southern California spent decades forcing drivers to finance their own trucks by taking on debt they could not afford. Companies then used that debt to extract forced labor, even taking steps to physically bar workers from leaving. Port congestion during the Covid-19 pandemic only worsened the conditions described above.

In recent years, the Labor Commissioner's office has awarded more than \$50 million to some 500 truckers who claimed they were deprived of wages through misclassification. One of the world's largest trucking companies, XPO Logistics agreed to pay \$30 million in 2021 to settle class-action lawsuits filed by drivers who said they earned less than the minimum wage delivering goods for major retailers from the ports of Los Angeles and Long Beach.

The impact of misclassification has ramifications outside of the workers and their families. When employers misclassify employees, they deprive the state of revenue all while expanding participation in public safety net programs. Additionally, it makes it difficult for the state to meet its green economy goals and to cut down on air pollution related to port activities. Lastly, misclassification hurts law-abiding employers who have to compete with bad actors that avoid obligations to contribute to California safety net programs and comply with labor law.

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

According to the Assembly Appropriations Committee:

- 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 Labor Commissioner to provide enforcement if a company or driver fails to provide the required information and notice, potentially offset by penalty revenue.

SUPPORT: (Verified 10/16/25)

California Federation of Labor Unions, Afl-cio
California Teamsters Public Affairs Council
Heavy Load Transfer
Pac9
Sea Logix
Shippers Transport Express
Taylored
Teamsters California

OPPOSITION: (Verified 10/16/25)

Western States Trucking Association
California Association of Port Authorities (Unless Amended)
Port of Long Beach (Unless Amended)
Port of Los Angeles (Unless Amended)

GOVERNOR'S VETO MESSAGE:

This bill would require trucking companies and independent contractor truckers to annually provide the Ports of Long Beach and Los Angeles with information about their business structure and employees. It would also require each port to collect truck-related data, including the name listed on the truck's insurance policy. The ports would then publish both sets of information.

I appreciate the author's concern about the misclassification of truckers operating at the Port of Los Angeles and the Port of Long Beach. However, this bill would significantly disrupt port operations by requiring these ports

to collect and retain information on thousands of trucks each day. Given the variety of information required to be collected, this process will be challenging to automate or streamline.

For these reasons, I cannot sign this bill.

ASSEMBLY FLOOR: 66-10, 9/12/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Chen, Connolly, Davies, Elhawary, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Ávila Farías, DeMaio, Dixon, Ellis, Gallagher, Hadwick, Johnson, Macedo, Sanchez, Tangipa

NO VOTE RECORDED: Castillo, Lackey, Patterson, Ta

Prepared by: Manny Leon / TRANS. / (916) 651-4121
10/17/25 9:44:22

**** END ****