

CUSTOMER **ADVISORY**

Proposed California Bill AB5 Rouses Trucker Protests, May Reduce Trucking Capacity By 70,000 Drivers If Passed

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On June 30, 2022, the U.S. Federal Supreme Court declined to hear a case that would exempt trucking companies of compliance to independent contractor requirements outlined in California's Assembly Bill 5 (AB5), which was ratified and enforced into state law on September 18, 2019.

The bill was originally intended to compel the reclassification of rideshare drivers from independent contractors to employees. However, the verbiage of AB5 outlaws all independent contractors who do not meet the eligibility requirements, affecting some 70,000 independent truck drivers in California. Following the passage of AB5, Los Angeles City Attorney Mike Feuer filed civil lawsuits against three major trucking companies operating in the ports of Los Angeles and Long Beach.

Shortly after, the California Trucking Association (CTA) obtained an injunction—later reversed by the 9th US Circuit Court of Appeals. In response, CTA representatives filed an appeal with the US Supreme Court. The Supreme Court's refusal to review means that the injunction will be lifted.

In response, a group of truckers staged convoy protests surrounding the Los Angeles-Long Beach port complex, bringing traffic on the freeways to a crawl on July 13-14. Truckers serving the Port of Oakland have also announced a three-day demonstration to begin July 18.

Analysts believe the decision may force independent truck owner-operators to stop driving in the state, which is already suffering from supply-chain backlogs.

KWE will continue to monitor the situation as it develops—we aim to mitigate any disruptions to client supply chains. Please contact your local representative for further information.