



customers now jointly liable with port trucking companies for certain labor violations

MSK Client Alert

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One of the bills signed into law by California Governor Edmund G. Brown from the most recent legislative session aims to hold customers accountable when hiring trucking companies that have a record of Labor Code violations. Under SB 1402, customers who utilize trucking companies to deliver goods from California's ports may be held **jointly and severally liable** for certain Labor Code violations committed by those trucking companies. Here is the explanation for the need for this new law: "Holding customers of trucking companies jointly liable for future labor law violations by port drayage motor carriers who they engage, where the customer has received advance notice of their record of unsatisfied judgments for labor law violations, will exert pressure across the supply chain to protect drayage drivers from further exploitation." And "Customers have the market power to exert meaningful change in the port drayage industry that has eluded California drivers for more than a decade."

The new law adds section 2810.4 to the California Labor Code, and gives California's Division of Labor Standards Enforcement ("DLSE") authorization to create a list of port trucking companies that have failed to pay final judgments, tax assessments or tax liens for certain Labor Code violations (e.g., for failing to pay truck drivers' wages, imposing unlawful expenses on employees, failing to remit payroll taxes or to provide worker's compensation insurance, and misclassifying employees as independent contractors) and will post that list to a website. The DLSE is to update the website by the fifth of each month. The agency will also remove any trucking company from the website within 15 business days after it determines there has been full payment of any unsatisfied judgment or that the trucking company has entered into an approved settlement dispensing with the judgment.

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