


**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: August 6, 2018

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No.: 18-0002-S93
Assignment No.: 18-07-0717

SUBJECT: Resolution (Buscaino – Koretz) in support of HR 4144 (Napolitano)

CLA RECOMMENDATION: Adopt Resolution (Buscaino – Koretz) to include in the City’s 2017-2018 Federal Legislative Program support for HR 4144, the Port Drivers’ Bill of Rights Act of 2017, which would create a federal task force on truck leasing to investigate the use of truck leasing agreements by port trucking companies in the ports of Los Angeles and Long Beach.

SUMMARY

HR 4144 (Napolitano), the Port Drivers’ Bill of Rights Act of 2017, would require the Department of Transportation to create a “Truck Leasing Task Force” to investigate the lease-to-own agreements commercial truck drivers enter into with trucking companies. Specifically, the Task Force will focus on the truck leasing agreements drayage drivers have entered into at the ports of Los Angeles and Long Beach with port trucking companies. A year from the establishment of the Task Force, the Task Force will submit their report to Congress with their findings and recommendations for any necessary legislation or regulations.

According to Resolution (Buscaino – Koretz), introduced on July 31, 2018, port trucking companies will often hire truck drivers as contractors and lease trucks to the driver, taking payments for the lease out of the drivers’ paychecks. Per the Resolution, these lease-to-own agreements can result in drastically reduced paychecks and are used as leverage against truck drivers to exploit their labor. The Resolution seeks an official position of the City to support HR 4144.

BACKGROUND

As of 2010, over 1,150 port truck drivers have filed claims in civil court or with the California Department of Industrial Relations’ Labor Commission. Since then, the Labor Commissioner has awarded over \$40 million in back pay due to labor violations to more than 400 port truck drivers. In the past four years, port workers, including truck drivers, have engaged in 15 labor strikes, which are disruptive to Port activity, delaying cargo and expounding congestion.

In June 2017, USA Today published an investigation into these truck leasing agreements and the working conditions of drayage truck drivers in the ports of Los Angeles and Long Beach. The USA Today investigation alleged that the trucking companies would essentially sub-lease out trucks to drivers who were hired as contractors. The trucking companies maintained control of the drivers’ assignments, routes, and schedules, despite hiring the drivers as contractors, and would

use the lease agreements as leverage against the drivers to pressure them to work shifts beyond the 11 hour limit allowed for truck drivers under federal law.

In December 2017, the Council voted to approve a motion requesting that the City Attorney investigate the port trucking companies operating in the port for their use of lease-to-own agreements and other labor and employment law violations. In January 2018, the City Attorney filed lawsuits against three port trucking companies that operate in the ports of Los Angeles and Long Beach. The lawsuit alleges that the firms were exploiting truck drivers by misclassifying the drivers as independent contractors, rather than regular employees, to avoid paying State taxes and employee benefits.

BILL STATUS

10/26/17	Introduced in House.
10/26/17	Referred to the House Committee on Transportation and Infrastructure.
10/27/17	Referred to the Subcommittee on Highways and Transit.



Matthew Shade
Analyst

Attachments: 1. Resolution (Buscaino – Koretz)

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, port trucking companies will often hire truck drivers as contractors and lease trucks to the driver, taking payments for the lease out of the drivers' paychecks; and

WHEREAS, these "lease-to-own" agreements can result in drastically reduced paychecks and are used as leverage against truck drivers to exploit their labor; and

WHEREAS, in January 2018, the City Attorney filed lawsuits against three port trucking companies alleging the firms were exploiting truck drivers by misclassifying them as independent contractors; and


WHEREAS, currently pending before the House of Representatives is a bill, HR 4144 (Napolitano), the Port Drivers' Bill of Rights Act of 2017, which would require the U.S. Department of Transportation to create a task force on truck leasing; and

WHEREAS, this truck leasing task force would report back to Congress on the impacts of truck leasing agreements, their legality, and whether new legislation or regulations are necessary to protect port truck drivers' ability to earn a living wage; and

WHEREAS, this bill would generate momentum at the national level to protect the rights of truck drivers and curb the abusive behavior exhibited by some of the port trucking companies;

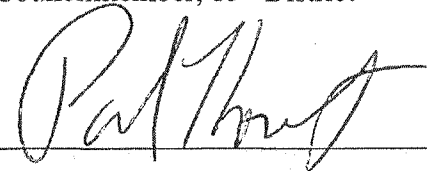
NOW, THEREFORE, BE IT RESOLVED, with concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2017-2018 Federal Legislative Program support for HR 4144 (Napolitano), the Port Drivers' Bill of Rights Act of 2017, which would create a federal task force on truck leasing to investigate the use of truck leasing agreements by port trucking companies in the ports of Los Angeles and Long Beach.

PRESENTED BY



JOE BUSCAINO
Councilmember, 15th District

SECONDED BY



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JUL 31 2018



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