

RULES, ELECTIONS, AND INTERGOVERNMENTAL RELATIONS COMMITTEE REPORT and RESOLUTION relative to including in the City's 2023-24 State Legislative Program support for AB 2754 (Rendon), which would extend the protections of California Labor Code Section 2810 and the dual liability of employers and contractors to contracts with motor carriers.

Recommendation for Council action pursuant to Resolution and SUBJECT TO THE CONCURRENCE OF THE MAYOR:

RESOLVE to include in the City's 2023-24 State Legislative Program SUPPORT for AB 2754 (Rendon), which would extend the protections of California Labor Code Section 2810 and the dual liability of employers and contractors to contracts with motor carriers.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst (CLA) has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On April 19, 2024, your Committee considered an April 9, 2024 CLA report and Resolution (Rodriguez – Soto-Martinez) relative to including in the City's 2023-24 State Legislative Program support for AB 2754 (Rendon), which would extend the protections of California Labor Code Section 2810 and the dual liability of employers and contractors to contracts with motor carriers. According to the CLA, California Labor Code Section 2810 prohibits a person or entity from entering into a contractor for labor or services with a construction, farm labor, garment, janitorial, security guard, or warehouse contractor if the person or entity knows that the contract does not include sufficient funds to allow the contractor to comply with regulations, e.g., wage requirements, governing the labor services.

AB 2754 (Rendon) would expand this to apply to motor carriers, defined as an entity that utilizes commercial drivers to move freight. California Labor Code Section 2810.3 was added through the enactment of AB 1897 in 2014. It required client employers to share all civil legal responsibility and civil liability with a labor contractor for all workers supplied by that labor contractor for the payment of wages and the failure to obtain valid workers' compensation coverage. Client employer is defined as a business entity that obtains or is provided workers to perform labor with the usual course of business from a labor contractor, with specified exceptions. Labor contractor is defined as an individual or entity that supplies, either with or without contract, a client employer with workers to perform labor within the client employer's usual course of business, with certain exceptions.

AB 2754 would augment the definitions of "client employer" and "labor contractor" in Section 2810.3. Under AB 2754, "client employer" would also be defined as a business entity that utilizes a labor contractor's workers to ship or receive freight to or from the

premises or worksite of the client employer, regardless of the operating authority under which the freight is moved. The definition of "labor contractor" would be clarified to include providing workers to ship or receive a client employer's freight to or from the client employer's facility or worksite, under either the client employer's operating authority, the labor contractor's operating authority, or the drivers' own operating authority. AB 2754 would also make a client employer liable if either that client employer or the labor contractor providing laborers misclassifies an employee as an independent contractor. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Resolution. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Rules, Elections, and Intergovernmental Relations Committee

<b>COUNCILMEMBER</b>	<b>VOTE</b>
KREKORIAN:	YES
HARRIS-DAWSON:	YES
BLUMENFIELD:	YES

ARL  
4/19/24

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**