August 28, 2019

Senator Anthony Portantino, Chair
Senate Appropriations Committee
State Capitol, Room 3086
Sacramento, CA 95814

RE: AB 5 - Independent Contractor Reclassification

Dear Senator Portantino,

On behalf of the Los Angeles Area Chamber of Commerce, I am writing to share our thoughts on Assembly Bill 5. While appreciate Assemblymember Gonzalez-Fletcher’s efforts to date to include a number of exempt industries from the blanket ruling provided by the Dynamex decision, we strongly urge the Legislature to continue to work on reaching a compromise with rideshare companies and truckers. It is vital to that recognize the realities of today’s modern workforce and workers who value the independence and flexibility that comes with being an independent contractor.

Forcing rideshare drivers to become employees would effectively take away their ability to control when, where and how much they drive. Currently, rideshare companies incentivize drivers to work during periods of high demand, without adhering to a set schedule. This practice ensures rides are available when needed. Forcing drivers to become employees would impact not just the riders but the majority of drivers who chose ridesharing specifically because they want the flexibility to set their own schedule as an independent contractor. Ninety-five percent of Lyft drivers in LA report that a flexible schedule is very important to them.

The impact of this bill is also concerning to the trucking industry, comprising an important and necessary component of goods movement in our state. Many companies in this industry are small companies; in fact, 91.8 percent of all trucking companies operate with fewer than five trucks and depend on an independent contractor model for their business to function. The cost of moving goods will likely increase, decreasing the competitiveness of the ports in our state, as well as increasing costs to your everyday consumer.

I respectfully urge you to find a compromise to address these concerns, either through AB 5 or another legislative vehicle, one that will protect the independent contractor status while providing key protection to drivers. If you have questions please contact Olivia Lee, Manager of Public Policy, at (213) 580-7531 or olee@lachamber.com. Thank you for your consideration.

Sincerely,

Maria Salinas
President & CEO