

UPDATE: Shippers and Intermediaries “Must Read” California List of Drayage Providers

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Effective this month, any business entity that directly or indirectly engages or uses a motor carrier to perform port drayage services in California can share in that motor carrier’s labor and employment liability. As we reported in [Summer 2018 edition of InterConnect](#) and our [October 2018 edition of InterConnect FLASH!](#), California Senate Bill No. 1402 was signed into law and seeks to deter shippers and intermediaries from using certain “listed” drayage providers. That public notice is now published by the California Labor Commission - and it is a MUST READ.

The list is available from the [Department of Industrial Relations here](#).

Shippers and their intermediaries specifically risk joint and several liability for motor carriers’ exposure to future unpaid wages, unreimbursed expenses, damages, penalties, and interest. The period of liability commences at the very start of tasks performed for the shipper or intermediary and continues until all such tasks are complete. Some exceptions exist including for shippers and intermediaries with less than 25 employees and with preexisting contracts that are terminated upon the lesser of expiration or 90 business days. The underlying act requires motor carriers to provide notice of outstanding wage liability and permits their customers to require contribution or indemnity for this exposure. Internal procurement diligence and monitoring are of course also recommended to ensure that a potential motor carrier is not on the list.

Please contact us if you have any questions regarding the impact of this development. Benesch’s nationally-recognized Transportation & Logistics Practice Group has extensive experience with motor carriers’ use of independent contractors and regularly advises other entities in the supply chain including shippers, receivers, and intermediaries.

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