



## **Protect the Independent Contractor Business Model** *Owner-Operators Deliver for Pennsylvania*

### **Quick Facts:**

- PMTA opposes efforts to eliminate the independent contractor business model.
- Many Pennsylvania trucking companies are run by an owner who also drives for his/her company. Taking away the owner's ability to drive would have a critical impact on the transportation industry and national supply chain.
- According to the ATA, the U.S. trucking sector is short about 78,000 drivers, an issue that is predicted to get exponentially worse over the next decade. Eliminating independent contractors would further worsen the employee shortage and ultimately harm Pennsylvania's economy and the national supply chain.

**PMTA Position:** The Pennsylvania Motor Truck Association (PMTA), supports protecting independent contractors – or owner-operators in trucking. PMTA opposes all efforts to eliminate this lawful and productive business model.

The trucking industry in Pennsylvania consists of more than 65,000 small, locally owned businesses. Many owners of these companies also work on the front lines transporting goods across the Commonwealth and nation.

Among individual states, Pennsylvania boasts the 11th highest number of miles of public roads in the country. Restricting motor carriers to certain business models will have a disproportionately negative impact on an economy dependent on transporting goods.

The Pennsylvania legislature should not enact legislative or regulatory frameworks that restrict individuals from working as legitimate independent contractors.

**Background:** For the past century, independent contractors have comprised a large portion of the trucking workforce across the U.S. According to the American Trucking Associations (ATA), nearly eight million people in the U.S. work in trucking-related jobs. This accounts for one in every 18 jobs nationwide and one in every 15 Pennsylvania jobs.

From that eight million, there are more than 400,000 independent contractors and a substantial number of independent drivers who do not own commercial motor vehicles. This is a vital component of the nation's supply chain. According to ATA, more than 70 percent of the nation's goods move via truck. In Pennsylvania, almost 88 percent of our communities rely exclusively on trucking to meet their freight transportation needs. Over the next decade, truck drivers are estimated to move 2.4 billion more tons of freight than they do today. Trucks are and will continue to be the primary way Americans transport goods.

According to the ATA, the U.S. trucking sector is short about 78,000 drivers. Add in an aging workforce, and ATA estimates show the shortfall of commercial vehicle operators will increase to 160,000 by 2031. The ATA also predicts the industry will need to hire

roughly 1.2 million drivers in the coming decade.

Independent contractors in the transportation industry are proven to prefer the flexibility and economic freedom their business model provides. A 2021 study by the American Transportation Research Institute (ATRI) found 73 percent of independent drivers say they would experience a significant decrease in job satisfaction if they were reclassified as a company driver. 68 percent say their annual income would decrease if they were reclassified.

**Impact:** Given the critical role trucking plays in the American economy, legislative and regulatory proposals to redefine the ability of an individual to pursue an independent contractor transportation career would have extreme consequences on the nation's supply chain. As the U.S. Supreme Court noted in *California Trucking Ass'n v. Bonta*, the involvement of independent contractors in trucking promotes efficiency and an increased ability to meet customer demand. This is critical during heightened delivery periods like the COVID-19 pandemic and the winter holiday crunch. Americans choose the independent contractor model because of the economic opportunity it provides and the flexibility to choose conditions (e.g., hours and routes) that suit their lifestyle.

**Solution:** The legislature should continue to protect the independent contractor business model. Limiting entrepreneurial choice, dictating employer-employee arrangements and hampering the ability to earn a living wage will have a negative impact on the economy, consumers and the ability of the Commonwealth to compete with neighboring states. PMTA will work with legislators, the Pennsylvania Department of Labor & Industry, and other stakeholders on refining the worker-employer relationship but will continue to strongly oppose efforts to implement sweeping legislative or regulatory changes to restrict the ability of a worker to pursue a legitimate career as an independent contractor in a dynamic ecosystem.