



SUMMARY OF BILLS

Automotive Aftermarket Industry Legislative Day

1) Requiring employers to offer additional hours to existing employees before hiring new employees

AB 5 (Gonzalez): Employers-Opportunity Work Act: OPPOSE

- The bill mandates employers with as few as 10 employees to offer all employees who have skills and experience to perform additional hours of work that become available, prior to hiring a new employee, temporary employee or contractor.
- Employers may be subject to litigation, fines and administrative penalties when one employee is given the additional time over the other even though the employer used transparent and nondiscriminatory process to pick among available employees.
- The bill creates unnecessary burdens by requiring an employer to contact each employee who has the skills and responsibilities to perform the work even though that employee has previously indicated that they are not interested or unavailable.
- The bill fails to indicate what an employer must do to satisfy the “offer” requirement of additional hours. Is an email distribution sufficient? Is the employer required to personally contact each employee? If an employer cannot get in contact with an employee, how long does the employer wait? These issues will lead to unnecessary litigation.
- The bill mandates an employer with facilities in different parts of the state to offer additional hours of work to all employees where the employee may not even work. Requiring employers to contact all employees throughout the state, even though it is geographically unlikely the employee would be available to accept the additional hours, creates unnecessary delays filling vacant positions and limits an employer’s ability to properly manage employees and overall business operations.

2) Tax Reform-Extending Sales Tax to Services

SB 640 (Hertzberg): Taxation: CONCERNS

- This bill intends to make major tax reforms including the expanding the sales tax to all services, including automotive repair labor, which is currently excluded.

- Extending the sales tax to services will increase the costs to small businesses.
- The bill will have a disproportionate impact on low-income individuals, whose older cars require more frequent repairs. Increases the cost of vehicle service and repairs making it less affordable for families who need transportation for work and taking kids to school;
- This bill also challenges the effectiveness of clean air programs such as smog check. A sales tax on automotive labor will have a negative impact on policies established by the State regarding clean air and climate changes---the BAR touts the importance of properly maintaining a vehicle to promote healthy air through cleaner vehicles;
- It will increase the cost for auto body repairs and may cause some vehicles that can be safely and properly repaired to be unnecessarily “totaled.”
- With higher automotive repair costs consumers are more likely to forgo regular maintenance and repairs, leading to potential vehicle safety issues;
- It will encourage the underground economy, those who cannot afford to pay additional taxes, which creates an unfair advantage for legitimate small businesses that abide by the rules.

3) Salvage Vehicle Certification

AB 475 (Chau): Salvage Vehicle Registrations: SUPPORT CONCEPT

- The intent of AB 475 is to require that salvage vehicles pass a “safety inspection” before the vehicle is re-registered with the DMV
- Salvage vehicles are vehicles that have been either destroyed or damaged beyond what the insurance company is willing to pay to fix it. Title for these damaged vehicles is exchanged for a “Salvage Certificate” issued by the DMV.
- If a salvage vehicle is subsequently repaired it must meet certain requirements before the vehicle can be legally registered by the DMV as “Revived Salvage” vehicle.
- Current law requires the following for a salvage vehicle to be re-registered with the DMV: 1) pass a brake and lamp inspection, 2) pass smog check inspection and 3) pass a California Highway Patrol (CHP) vehicle inspection to verify the Vehicle Identification Numbers (VIN) and to insure none of the parts were stolen.
- If a salvage vehicle is repaired it should be performed properly and safely before being placed back on the road. Discussion points include: distinguishing structural and economic salvage vehicles; consider licensing salvage rebuilders; provide repair estimates and documentation, including photos of damage in application to the DMV; pass a “safety inspection” which includes frame measuring; inspecting the airbags, windshield and seatbelts.