Protect Your Business - Prevent Penalties

Automotive

Department of Industrial Relations
Labor Enforcement Task Force (LETF)

2025

As an automotive employer, you service the cars that people rely on in their daily lives. You also earn a living and bring jobs to the community. When you understand and comply with labor laws, you protect the investment you have made, promote a positive image, and avoid paying penalties.

Through the Labor Enforcement Task Force (LETF), under the direction of the Department of Industrial Relations, California agencies work together to make sure employers are following labor, safety and health, licensing, and payroll tax laws. LETF can help you understand which laws apply to you and how to comply. LETF also inspects businesses and cites employers if violations are found.

This booklet provides general information and is not meant to serve as legal advice. It was developed by the Department of Industrial Relations and its Labor Enforcement Task Force with assistance from the Labor Occupational Health Program at UC Berkeley.

Penalties

***NOT* following the law will hurt your business.**

Here are some examples of the kinds of penalties you would owe your workers and state agencies.

IF YOU:	YOU WOULD OWE:
Misclassify employees as independent contractors	Fines of $5,000 to $25,000 per violation, plus unpaid payroll taxes
Fail to pay the minimum wage or overtime; fail to provide rest and meal breaks	All wages owed, plus penalties
Fail to provide a pay stub	$250 per employee each time they are paid
Violate health and safety regulations	Up to $25,000 for each serious violation and a possible shutdown of operating equipment
Punish or retaliate against workers	All wages owed, a fine of up to $10,000 per employee, and workers get their jobs back
Fail to have workers' compensation insurance	At least $1,500 per employee, and no one can work until all workers are covered
TOTAL:	**NOT WORTH THE RISK!**

In some cases, criminal charges may be filed. You may serve up to 10 years in jail.

This brochure describes some of the common problems LETF inspectors find in the automotive industry. It also lists where you can get help.

Automotive employer fined over $28,000 for workplace safety and workers' compensation violations.

During a Labor Enforcement Task Force inspection of an auto repair shop, inspectors saw two workers using an auto lift to remove a car engine. It turned out that the lift was damaged and the car could have crushed the workers.

The inspector from Cal/OSHA, the state workplace safety and health agency, immediately ordered that the employer stop all operations until the lift could be repaired. The employer was cited for multiple health and safety violations and cited $24,000 for not having a valid workers' compensation policy.

Note: This example reflects a typical scenario.

As an employer, some of your **KEY RESPONSIBILITIES** are to:

- Provide a workplace free of discrimination and harassment
- Pay at least minimum wage and overtime for extra hours
- Allow workers to bring up concerns without punishing them
- Give rest and meal breaks
- Pay all payroll taxes and keep records of employees
- Provide a safe and healthy workplace
- Have workers' compensation insurance

Problems LETF finds in the automotive industry

Employee Hiring

Automotive employers are often cited for:

1. Misclassifying employees as independent contractors.
   In September 2019, Governor Newsom signed Assembly Bill (AB) 5 into law. The law addresses the "employment status" of workers when they are claimed to be an independent contractor and not an employee. For more information, visit the Employment Status Portal: https://www.labor.ca.gov/employmentstatus/.
2. Not keeping all required records.
   You must keep records of all your employees for the past four years.This should include name, address, job type, and last four digits of the Social Security number. For minors under 18, you must list their dates of birth.

Wages and Breaks

Automotive employers are often cited for:

1. Not paying workers the wages they are owed.
   - You must pay at least minimum wage for all hours worked. If the city where you are working or the federal government has a higher minimum wage than the state, then you must pay whichever of those rates is the highest. If you require employees to provide their own tools, you must pay them at least twice the minimum wage. See page 7 for minimum wage rates.
   - You must pay overtime (1½ times the regular rate of pay) and double-time (twice the regular rate of pay) according to the rules stated in Industrial Wage Commission Order No. 4-2001 (which must be posted at your workplace where employees can read it easily).
2. Not allowing rest or meal breaks.
   Workers must receive:
   - A paid 10-minute rest break for every 4 hours of work.
   - An unpaid meal break of at least 30 minutes if they work more than 5 hours. (An employee can agree to skip meal breaks if the workday is 6 hours or less.)
3. Paying a piece rate or other nonhourly rate that does not meet minimum-wage requirements (including any required overtime) or does not separately compensate workers for required breaks and other nonproductive time. See page 6 for more information on piece rate compensation.
4. Not giving pay stubs or not paying payroll tax.
   You must give out pay stubs, list the deductions, and pay payroll tax. For each pay period, keep records of work hours and amounts paid to each worker.
   Visit: www.dir.ca.gov/dlse/DLSE-FAQs.htm for more information on all the items that must be included in a wage stub.

Worker Health and Safety

Automotive employers are often cited for not complying with Cal/OSHA regulations, such as:

- Providing guarding for machinery, including all moving parts of belt and pulley drives located 7 feet or less above the floor (Section 4070)
- Operating an air tank with a permit (Section 461)
- Ensuring portable fire extinguishers are available and accessible (Section 6151)
- Making first-aid materials readily available for employees (Section 3400)
- Providing and ensuring the use of personal protective equipment that workers need to work safely (Article 10).
- Effectively establishing, implementing, and maintaining an Injury and Illness Prevention Program (IIPP) that, among other things, identifies and corrects hazards, trains workers on the hazards they may be exposed to and how to protect themselves, and allows workers to make suggestions without threat of being fired or punished (Section 3203).

Other required written and effectively implemented programs, such as:

- Hazard communication (Section 5194)
- Work around electricity, energy control - lockout/tagout (Sections 3314 and 2320.1 through 2320.6, 2320.9 or 2940 through 2945)
- Respiratory protection (Section 5144)

Safety training must be in a language that workers understand. Keep records that include date, type of training, name of trainer, and names of workers who attended. You must pay workers for the time they spend in training.

Refer toTitle 8, California Code of Regulations (www.dir.ca.gov/samples/search/query.htm) for details on all Cal/OSHA requirements, and guidance documents (www.dir.ca.gov/dosh/PubOrder.asp) that may be applicable to automotive operations.

Retaliation is illegal

Employers can be required to reinstate fired employees, pay employees' lost wages, and pay fines up to $10,000 per employee if they punish or fire workers for:

- **Speaking up** about wages that are owed to them.
- **Reporting** an injury or a health and safety hazard.
- **Filing** a claim or complaint with a government agency.

It is illegal for employers to threaten or retaliate against workers in any way.

For example, employers cannot:

- **Threaten** workers with deportation
- **Punish** workers with undesirable tasks
- **Fire** workers or send them home
- **Prevent** workers from getting a different job.

You do not have to agree with the workers. If you are complying with labor laws and Cal/OSHA regulations, you do not have to make the changes that are being requested. But everyone benefits when workers feel safe enough to bring up concerns. Listen to your employees and involve them in coming up with solutions that work for everyone.

Stay up to date with new labor laws

Below are some resources to help you stay updated and comply with important recent changes to labor laws:

- **Paid Sick Leave.** Employers must do several things to comply with the Healthy Workplace Health Family Act; visit www.dir.ca.gov/dlse/California-Paid-Sick-Leave.html.
- **Piece-Rate Compensation.** Effective January 1, 2016,AB 1513 adds section 226.2 to the Labor Code concerning how to compensate piece-rate workers for required breaks and other nonproductive time. Visit www.dir.ca.gov/pieceratebackpayelection/AB_1513_FAQs.htm.

Schedule for California Minimum Wage Rate, 2020 - 2025

Date	Minimum wage for employers with 25 employees or less	Minimum wage for employers with 26 employees or more
Jan. 1, 2020	$12.00/hour	$13.00/hour
Jan. 1, 2021	$13.00/hour	$14.00/hour
Jan. 1, 2022	$14.00/hour	$15.00/hour
Jan. 1, 2023	$15.50/hour	$15.50/hour
Jan. 1, 2024	$16.00/hour	$16.00/hour
Jan. 1, 2025	$16.50/hour	$16.50/hour

Where to Get Help

There are resources that can help you understand which laws apply to you and how to comply.

LETF

Call the Labor EnforcementTask Force (LETF) toll free at 855-297-5322 or go to www.dir.ca.gov/letf.

Cal/OSHA

Call Cal/OSHA Consultation at 800-963-9424 or go to www.dir.ca.gov/dosh/consultation.html.

Consultation Services provides free health and safety consultation to employers. Consultation Services is separate from the Cal/OSHA Enforcement Branch. All your communications with Consultation Services are confidential.

- Cal/OSHA provides a model Hazard Communication Program and IIPP, along with other guidance materials at www.dir.ca.gov/dosh/PubOrder.asp.
- Go to www.dir.ca.gov/samples/search/query.htm to find regulations about specific hazards (Title 8 standards).

Other sources of help

- Automotive Repairs and Service Associations
- Small Business Development Centers
- Your workers' compensation insurance broker can offer assistance, including help with developing a safety plan.
- The Governor's Office of Business and Economic Development (GO-Biz): www.business.ca.gov