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Federal Court Rules Illinois Owner-Operators Are Employees

New Jersey ABC Rules Take Effect October 1 Amid Calls for Delay

Labor Department Targets October for Independent Contractor Rule



When Compliance Counts as Control

A federal judge in Illinois has ruled that drivers a carrier signed as independent contractors were its employees all along. Her reasons reach well past one company.

Here's what you need to know.

The case

Pedro Baez filed a class action in 2023 against Direct Trucking, which operates as Sparc Transport out of Channahon, Illinois. Baez hauled interstate loads for Sparc under an independent contractor agreement, and the class the court certified in January could cover several hundred drivers signed the same way.

What Sparc required

According to the lawsuit, the day-to-day work looked like a company job. Drivers ran 50 to 70 hours a week for Sparc alone, got their loads from company dispatchers each day, and heard from those dispatchers throughout the day. GPS tracked the trucks, ELD data went to the company, and drivers had to follow Sparc's written and unwritten policies. Time off required advance notice and missing that notice could mean discipline or termination.

Drivers ran under Sparc's logo and DOT number. They had to pass background checks, drug tests, and driving record reviews before hire. They could not take their own customers, could not negotiate rates, and were paid a percentage of each load at rates Sparc set.

Then came the costs. Sparc deducted truck and trailer rental, fuel, tolls, insurance, ELD service, and plate fees from drivers' pay, sometimes thousands of dollars a week. The drivers say maintenance, repairs, and phone costs went unreimbursed, and Baez says a \$5,000 escrow was never returned.

The ruling

In August, Judge Elaine Bucklo of the Northern District of Illinois found the drivers were employees under Illinois law. Illinois uses the ABC test, which presumes employee status unless the company proves three things: it does not control the driver, the work falls outside its usual business, and the driver runs an independent business of his own.

Why it matters

Sparc argued that much of this was compliance, not control. The logo and DOT number told customers who was responsible for loads and property damage. Background checks and driving records kept drivers competent and insurable.

The court held that the reason behind a requirement does not change what it is. Courts have already found that control is still control even when a federal regulation calls for it. The independent contractor agreements did not help either, because Illinois sets classification by statute, not by what the parties sign.

Branding, screening, and ELD reporting are common across leased operations. The ruling binds no court outside Illinois, but the reasoning is now on record for any plaintiff in a state that uses the ABC test.

What's still open

The court still has to decide whether the deductions were lawful. Baez also has a separate lease-purchase claim. He says he made monthly payments toward owning his truck, was told he could not run it for another carrier after leaving Sparc, and had to hand it back.

Bottom line

Carriers have long treated safety and compliance requirements as separate from the classification question. One federal court has now said that under an ABC test, they are not. The ordinary terms of a lease can be read as evidence that the driver is an employee.

TIE will continue to monitor the case as it moves toward settlement or judgment.

Ten Days Out in New Jersey

New Jersey's ABC test becomes enforceable regulation on October 1, and the state's Senate president wants the governor to stop the clock.

The push to delay

The regulations were adopted May 5, and Gov. Mikie Sherrill held them for four months so lawmakers could make changes. None passed. Senate President Nicholas Scutari, a Democrat, has asked Sherrill to push the date to July 1, 2027, and the state's largest business association is running a campaign behind the same date.

The state's answer

Acting Labor Commissioner Kevin Jarvis said on September 21 that the rules create no new test and that he is unsure the department can legally delay them. His department found about 14,000 misclassified workers in 2025 audits and has issued more than 200 stop-work orders since 2019.

Why trucking has less room than most

The rules count trucks as part of the hiring company's place of business. That leaves a carrier arguing that hauling freight falls outside its usual business, an argument few carriers can make.

What could still change

Sherrill could act before October 1, and legislators are weighing carve-outs profession by profession, including proposals covering certain truck drivers.

TIE will report on whether the rules take effect as scheduled.

The Federal Rule Is Close

The Labor Department now targets October for its final independent contractor rule, which restores the 2021 framework centered on control over the work and your opportunity for profit or loss.

The proposal says requiring a contractor to follow laws and regulations, such as drug and alcohol testing, does not count as control. The department also considered adopting an ABC test and rejected it.

The rule's reach has limits. It governs federal investigators, not state agencies applying an ABC test, and federal courts are no longer required to defer to it.

TIE will report on the final rule when it publishes.

Truckers Integral to Our Economy is a 501©4 dedicated to the preservation of the independent contractor model in the trucking industry. For more information, contact Scott Brenner @ sbrenner@crshq.com or www.truckerchoice.org.