



Labor and Public Employees Committee
Legislative Office Building
Room 2300
Hartford, CT 06106

Re: Raised S.B. No. 989

March 7, 2019

Dear Chairwomen Kushner and Porter, ranking members Miner and Polletta and distinguished members of the Committee,

Rasier LLC¹ has been connecting riders and drivers in Connecticut since April 2014. Each day, thousands of drivers in Connecticut use the Uber App to supplement their income on their own schedule and in doing so provide a much needed, reliable transportation option to people across the state.

S.B. 989 misunderstands pricing on the Uber platform, and as a result we expect it would significantly reduce the amount of take home pay drivers earn. The bill is predicated upon the incorrect assumption that drivers are paid a set percentage of riders' fares. In fact, in order to provide greater transparency, riders pay an upfront price, while a driver's fare is based on a pre-set time and distance rate. Upfront pricing means customers are not surprised by their fares and is something we introduced partly in response to feedback from regulators across the country.

To provide an upfront price, Uber estimates the price the rider pays, while honoring its commitment of a per-minute and per-mile rate to the driver. For example, our algorithm may estimate that a trip will be ten miles and take twenty minutes, and the rider's fare is then based on that estimation. However, that trip might end up being twelve miles and take thirty minutes. In such an instance, the driver's rate would exceed the rider price. Uber still

¹ Rasier, LLC is a technology company that licenses a smartphone application, which includes a driver application and a rider application ("Uber App"). Rasier, LLC is a wholly-owned indirect subsidiary of Uber Technologies, Inc. Rasier, LLC holds a TNC permit in Connecticut (P-TNC2).

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pays the true time and distance rate to the driver, while the rider pays the promised up front price based on our estimation.

The difference between a rider's payment and a driver's earnings is referred to as the "Uber service fee." If a rider payment is the same or less than the driver's earnings, Uber does not receive a service fee for that trip. Trips with higher service fees help offset the lower prices that aim to make rides more affordable for more people. Transportation Network Company drivers using the Uber platform agree to time and distance rates, regardless of what the rider's upfront price was.

After each trip, Uber provides the driver with a receipt that states the amount the rider paid as well as the amount they earned for the trip. Price transparency permits drivers to make informed decisions about the earnings potential facilitated on the Uber platform. Likewise, providing an upfront price to riders is fundamental to ensuring transparency before a trip begins. S.B. 989 would eliminate price transparency altogether.

In addition to earning money based on time and distance, drivers also receive monetary incentives based on rider trends and demands, and are subject to dynamic pricing increases. These incentives ensure reliable transportation options for passengers in areas that are underserved by traditional forms of public transportation.

Finally, in Connecticut, drivers are required to have insurance with bodily injury coverage limits of at least one million dollars while on trip². This insurance is costly and is currently paid for by transportation network companies. Consequently, much of the money TNCs make on a trip goes towards paying for this insurance. If passed, S.B. 989 would force transportation network companies to pass the full cost of insurance onto drivers. This unintended consequence could mean that drivers, most of whom are part-time, would have to pay around \$4,500 more each year to operate in Connecticut. This increase in operating cost will devastate driver earnings.

² Conn. Gen. Stat. §13b-120(2)(a)(2018).



Ridesharing has quickly become an essential transportation option and earnings opportunity for residents of Connecticut. We ask that this committee consider the negative impact that S.B. 989 would have on riders and drivers across the state.

Regards,

De'Shawn Wright
Sr. Manager, Public Policy
Uber Technologies, Inc.