Bill No.: SB-989
Title: AN ACT CONCERNING BASIC LABOR STANDARDS FOR TRANSPORTATION NETWORK COMPANY DRIVERS.
Vote Date: 3/19/2019
Vote Action: Joint Favorable
PH Date: 3/7/2019

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SPONSORS OF BILL:
Labor and Public Employees Committee

REASONS FOR BILL:
The transportation network industry (TNCs) is a nascent industry in Connecticut, the contours of which are still being defined. Company owners such as with Lyft, or Uber, as well as drivers, and customers all have expectations and responsibilities in order for the experience to be truly valued and sustained. The bill allows for wages at least 75% of the money collected from each of the drivers riders for a completed ride and the company can’t keep more than 25% of the total moneys collected for any driver on any day. The bill will allow a driver to recover twice the amount received plus reasonable fees and costs if there is a dispute.

RESPONSE FROM ADMINISTRATION/AGENCY:
None submitted.

NATURE AND SOURCES OF SUPPORT:

Rep. Peter Tercyak, 26th Assembly District:
An original co-sponsor, he favors basic labor standards for Uber and Lyft drivers in CT. The state has begun to regulate the industry and by providing drivers with some protection, it not only saves jobs, it also provides a fair and equitable system for those providing the service-the drivers. The bill will do three things: cap the fee-per-fare at 25%; protect workers who organize from intimidation or retaliation; and require company data collection and reporting become public.
James Bhandary-Alexander, New Haven Legal Assistance Association, Counsel CT

Drivers United:
Supplemented the bill’s language by insuring that drivers’ voices were heard through first-hand accounts and written testimony, and by providing research from the field. While the bill does not require a company to change back to a commission basis, the language would cap the amount the companies can take for each ride in order to establish a floor for driver pay. He also provided several reports and online sources in support of creating a system that is more sustainable for transportation network drivers, including an Economic Policy Institute study. It is important to note that network companies keep a booking fee and safe ride fee, in addition to upwards of a 25% commission that can total 39%. While Connecticut data has not been collected in an aggregate form, it is believed that when taking into account vehicle expenses, drivers make less than $10 an hour.

Carlos Moreno, State Director, Connecticut Working Families Organization:
Expressed strong support, including language offered by Connecticut Drivers United and New Haven Legal Assistance to strengthen the bill’s provisions. Gaps in state and federal laws do not provide network drivers with meaningful protections. Large dispatch companies diminish the amount of take-home pay for drivers. Many drivers work 80-100 hours weekly, and are required to invest in newer vehicles and pay for their own gas and maintenance. After expenses, however, their net pay may very well be under the state’s minimum wage.

Rosana Olan, network driver, Uber/Lyft, West Haven, CT:
She is registered with both Uber and Lyft. Whichever app provides the ride sharing opportunity when she is available is what she goes with first. In the beginning, she earned $800 per week for 30 hours of driving. By February, 2019, earnings were down drastically to $284 per week for 38 hours. That is an hourly of $7.50 before expenses. As of August, 2018, the payment by mileage assessment went from $0.89 to $0.65. Car payments, gasoline, maintenance, taxes, and insurance eat into the driver’s take-home amount. If not for her husband’s job, she would not make ends meet.

Zoe Tucker, Yale Law School:
Uber has consistently argued that drivers are independent contractors. However, a National Employment Law Project report states: “Workers in these companies are providing the core work…the very essence of the employment relationship. Yet, while claiming that workers are independent contractors, the companies try to have it both ways. They often manage the workers as if they were employees, unilaterally setting rates for services, dictating how the services are provided, and screening, testing, training, evaluating, promoting, and disciplining workers based on the standards the companies set.” They remain independent contractors and in the first ruling of its kind, the Eastern District of Pennsylvania found that Uber Black limousine drivers did not meet their burden of proving employee status for purposes of the Fair Labor Standards Act.

Beverly Brakemen, Director, Region 9A UAW:
While Uber and Lyft are convenient, easy-to-use, and cost-effective, their exploitation of drivers at the hands of companies that are extremely profitable requires legislation. Drivers
make under $10 per hour after expenses and have no legal protections because they are classified as independent contractors.

**Moses Dahn, network driver, Uber/Lyft, New Haven, CT:**
Started driving part-time to pay for baby-sitting services while working for a biomedical firm. Believes not everyone is cut-out to be a driver. You need to possess people skills and have a good demeanor. While flexibility of schedule was key to enter the field, particularly part-time, recent decisions by Uber and Lyft have deprived drivers of the ability to set their own schedule. Driving now requires working 88 to 100 hours in order to earn a decent income. It could lead to health problems being in a vehicle for that long. There should be legal protections to guard against the companies’ hiring too many drivers, thereby diluting schedules and take-home pay.

**Guillermo Estrella, network driver, Uber/Lyft, Branford, CT:**
Started driving part-time to pay for expenses while working construction. Terminated the construction job because juggling the two jobs was difficult. Getting up early for construction conflicted with driving long trips at night. Drove 80 to 90 hours a week at the beginning while earning $1,200 to $1,300. Uber began taking more and more money. Then they lowered the mileage. Connecticut should take action.

**Carlos Manuel-Gomez, network driver, Uber/Lyft, Guilford, CT:**
He drove for Uber for three years and for Lyft more than two years ago. Lyft cancelled his contract because he did not want to accept all trips from any distance. The company would dictate trip lengths and times even when it was inconvenient. Lyft said drivers are the owners of their time, but it's a complete lie. In the beginning, for 20 or 25 hours of work, the gross amount was $1,000-1,200. Now, $1,000 gross requires 100 hours of driving per week. After expenses, the hourly wage is approximately $5.75. “All the drivers are lost. At this moment, we are losing, losing, and losing. Uber and Lyft are damaging society. They are harming family, drivers, as well as, society. The government has to regulate so we have a life of dignity.”

**Juan Hernandez, District Director and Vice President, 32 BJ SEIU:**
32 BJ has long stood in solidarity with taxi drivers and drivers-for-hire in their fight for recognition and in providing fair job standards. In New York City, the New York Taxi Workers Alliance and 32 BJ successfully capped the number of vehicles that can be on the roads at one time and gave the Taxi Limousine Commission the ability to regulate minimum compensation standards. We favor creating a floor for drivers (citing an Economic Policy Institute study placing Uber drivers’ income behind 90% of all workers), a cap on the percentage of fees that companies can charge drivers, and drivers being free from hostile work conditions and retaliation for participation in organizing activities.

**Sal Luciano, President, Connecticut AFL-CIO:**
Employers misclassify their employees as independent contractors while denying them basic worker protections. Workers will miss out on fair pay, health and safety standards, unemployment and workers’ compensation insurance. Misclassification also hurts law-abiding employers who are undercut by competitors who won’t play by the rules.
NATURE AND SOURCES OF OPPOSITION:

De'Shawn Wright, Sr. Manager, Public Policy, Uber Technologies:
Raiser, LLC is a wholly-owned indirect subsidiary of Uber Technologies, Inc. Raiser, LLC holds the permit in Connecticut and has been connecting drivers with customers in Connecticut since April, 2014. SB 989 misunderstands pricing on the Uber platform. As a result, the take-home pay for drivers would be significantly reduced under this proposal. The bill’s premise that drivers are paid a set percentage of riders’ fares is incorrect. Riders pay an upfront price. This is reassuring to them. Drivers are paid based on a distance and pre-set time. Uber estimates the price, while keeping in mind the per-minute and per-mile rate on which a driver’s fare is based. When circumstances change or the algorithm miscalculates, Uber still pays the true time and distance rate to the driver, while the rider still pays the upfront estimated price.

Nicolas John, Northeast Region Director, the R Street Institute & Jarrett Dieterie, Director of Commercial Freedom and Senior Fellow, the R Street Institute:
R Street is a nonprofit, nonpartisan public policy research organization to promote free markets and limited government. Current Transportation Network Company (TNC) pricing models account for upfront pricing and personal liability insurance coverage for riders. SB 989 would impose stricter caps and could result in higher costs for drivers and riders, and less access to ridesharing services. In addition, there are longtime contracting models, such as real estate agents, insurance agents, construction workers, custodians, and freelance journalists who are not subject to the restrictions imposed by this bill. Why should drivers be treated any different.

Christina Fisher, Executive Director, TechNet Northeast:
TechNet is a national, bipartisan network of over 80 technology companies that promotes the growth of the innovation economy. TechNet respectfully submits comments in opposition to SB 989. TNC's have increased regional mobility for drivers and riders alike and earning opportunities. Ridesharing gives consumers a safe, affordable, and reliable transportation choice. The bill is problematic because it relies on commission-based pay which undermines driver incentives and dynamic pricing, which play an important role in maintaining the safety and reliability of the ridesharing model. Balancing driver incentives and dynamic pricing with peak demands always insures more drivers’ availability on weekends when the need is greater. It also insures that low density areas are serviced just as busy commercial districts are serviced. Finally, upfront transparent pricing needs to remain a desired centerpiece of the Transportation Network Company model.

Eric Gjede, VP of Government Affairs, CBIA:
CBIA is opposed to SB 989. Transportation network companies have provided reliable, transparent services for riders, while making drivers hundreds of millions of dollars, including tips. Drivers are their own bosses, capable of setting their own hours to meet the flexibility needs of other jobs, classes, or familial commitments. SB 989 would change the business model of TNCs to a commission-based pay system. The use of upfront pricing for riders, and
dynamic pricing and driver incentives fills an important niche in our state’s economy. On a
daily basis, roads are safer, transportation issues get resolved, and part-time workers can be
accommodated.

**MADD Connecticut (Mothers Against Drunk Driving):**
MADD has been at the forefront of ending drunk driving, curbing underage consumption, and
offering smarter driving policies. This mission has applicability to the nation, but it would have
particular importance in CT, where in 2017, 43% of all fatal car crashes involved alcohol.
While some would tout this bill as a win for drivers, the truth is it would hurt them more than
anyone else. Much of what Uber makes on a trip goes to subsidizing insurance for drivers.
Putting a 25% cap on what Uber makes, would increase costs for drivers. Increased costs
equal less drivers. Less drivers equals less reliability. Uber plays a major role in reducing
drunk driving. A litany of studies attest to this trend, with one particular report that
accumulated data showing that fatalities occurred 3.5% - 5.8% less in cities with Uber. In
short, people are able to make life-saving decisions with a viable ridesharing program. SB
989 is the wrong approach.

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Reported by: Bryan Anderson  Date: 04/03/19