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## OLR Bill Analysis

### sSB 1180

#### ***AN ACT CONCERNING RIDESHARE AND DELIVERY DRIVER MINIMUM STANDARDS.***

#### **SUMMARY**

This bill creates new minimum pay standards, registration, and reporting requirements for transportation network companies (TNCs, e.g., Uber and Lyft) and third-party delivery companies (e.g., DoorDash).

Addressing TNCs and third-party delivery companies together under the term “network company,” the bill requires network companies to pay each of their drivers the greater of (1) 85% of each passenger fare charged not including taxes, fees, surcharges, or tips or (2) the minimum pay, as defined in the bill. The bill also requires network companies to pay drivers (1) the cost of any cancelled ride, (2) mileage reimbursement, and (3) other compensation in addition to the pay.

Under the bill, network companies must also do the following, among other things:

1. give receipts with specific information to both drivers and users after a trip or delivery is completed;
2. register with the Department of Labor (DOL) by January 1, 2024; and
3. pay a nonrefundable registration fee that the labor commissioner must determine.

The bill authorizes (1) civil action in Superior Court to enforce any violations of the bill’s provisions (§ 6) and (2) the labor commission to

adopt related regulations (§ 7).

Lastly, the bill requires the transportation commissioner to communicate with his peers in New York, Massachusetts, Rhode Island, and New Jersey to make a network company reciprocity agreement (§ 9).

EFFECTIVE DATE: July 1, 2023

## **§ 1 — DEFINITIONS**

Under the bill, as under existing law, a “transportation network company” is a business entity that operates in Connecticut and uses a digital network to connect TNC riders to TNC drivers to provide prearranged rides; it does not include a taxicab certificate holder or livery permit holder. A “prearranged ride” is the transportation by a TNC driver of a TNC rider that (1) begins when the TNC driver accepts a request from the TNC rider through a digital network, (2) continues while the TNC driver transports the TNC rider, and (3) ends when the last TNC rider exits the TNC vehicle. A “passenger” is an individual or individuals who use a digital network to connect to a TNC driver and receive a prearranged ride between points the individual or individuals choose.

The bill defines a “third-party delivery company” as a business entity that operates in the state and uses a digital network to offer or arrange the (1) sale and delivery of groceries, food, beverages, commercial goods, or other items prepared by another entity and (2) delivery or pickup of food and beverages from at least 10 separately owned and operated food service establishments.

A “digital network” is an online-enabled application (“app”), website, or system offered or used by a TNC that enables the provision of prearranged rides.

A “network company” means a TNC or a third-party delivery company, but not a business entity that maintains a digital network where either less than (1) 7.5% of the services provided on the digital network are rideshare services or (2) 10,000 service requests fulfilled on

the network are for rideshare services.

A “network worker” means an individual who (1) is a TNC worker (presumably, TNC driver) or a third-party delivery company worker (presumably, third-party delivery driver), and (2) provides services for either type of company through a digital network.

## **§ 2 — MINIMUM DRIVER PAY**

Beginning July 1, 2023, the bill requires network companies to pay each network worker the greater of (1) 85% of each fare charged to a passenger, not including taxes, fees, surcharges, or tips or (2) the minimum pay the bill establishes.

For TNC drivers, minimum pay is the sum of a minimum (1) of \$1.30 per mile the driver travels during “dispatch time” and “passenger transport time,” and (2) of 60 cents per minute worked by the driver during the same period. “Dispatch time” is the time period when a driver is traveling from a dispatch location to a pickup location, but it does not include any time when a passenger cancels a trip or the TNC driver begins a trip or service through the digital platform and for shared rides. “Passenger transport time” is the time period when a driver is actively transporting a passenger in the transportation network company vehicle.

For a third-party delivery service driver, minimum pay is the sum of (1) a minimum of \$1.30 per mile the driver travels during dispatch time and until project completion time, (which the bill does not define) and (2) a minimum of 60 cents per minute the driver works during the same period.

Minimum pay must also be given to network workers for miles traveled and minutes worked during return time (i.e., the time when a network worker is returning to the state after a drop off or delivery in a neighboring state without a passenger or delivery). The bill specifies that return time ends when the network worker arrives in the state, or once a reasonable amount of time for the network worker to return to the state has passed. (It is not clear who determines what a reasonable

amount of time is in this context.)

***Labor Commissioner Review for Possible Adjustments***

Under the bill, the labor commissioner must, annually by September 30, 2023, examine the minimum pay for adequacy and consider whether it should be revised. As part of this, the commissioner must consider:

1. the inflation rate,
2. current consumer price index for urban wage earners and clerical workers,
3. current gas prices, and
4. current price to charge an electric vehicle.

The commissioner must then submit a report with any recommendations for legislation to the Labor and Public Employees Committee.

**§ 3 — CANCELLED TRIP PAY, MILEAGE REIMBURSEMENT AND OTHER COMPENSATION**

When a passenger or a user cancels a “trip,” the bill requires the network company to pay the network worker for any milage, fees, tolls, and time incurred from the time the “trip” was accepted until it was cancelled. A “trip” is a transportation service where a network worker either (1) picks up and drops off a passenger at locations they choose or (2) picks up items a user selects from a business or private residence and delivers them to another location the user requests.

The bill also requires network companies to pay a network worker for (1) any fees or costs for general wear and tear, any damage from passengers and cleaning fees for the network worker’s motor vehicle and (2) fees and tolls the worker incurs while traveling between states.

***Mileage Reimbursement***

Additionally, a networker worker must receive a mileage reimbursement at the rate the commissioner sets or at the bill’s interim rate, which applies until the commissioner sets one.

Beginning July 1, 2023, and until the commissioner sets rates, the mileage reimbursement for the network workers is (1) the standard IRS mileage rate for miles a network worker drives during active solicitation time and (2) 150% of the standard IRS mileage rate for miles a network worker drives during passenger transport time (see above) or delivery transport time (presumably, delivery transit time).

Under the bill, “active solicitation time” means the time a network worker spends logged in to the digital platform, if a network company engages in the practice of logging network workers out of the digital platform, immediately upon a trip’s completion. It includes the time a network worker spends returning to a location where the worker can solicit another trip or delivery. “Delivery transit time” means the time between the (1) network worker’s acceptance of a delivery trip on the digital network and (2) delivery of items to the user’s requested location.

#### **§ 4 — WORKER TRIP RECEIPTS AND WEEKLY TRIP SUMMARY**

When a trip is completed, the bill requires each network company to transmit an initial receipt and a finalized receipt to the network worker for the trip or partial trip.

An initial receipt must be sent to the network worker within five minutes after the trip’s completion and include the information the bill requires (see below). A receipt with the finalized payment calculations of the required information must be sent to a network worker within 24 hours after the trip is completed.

##### ***Required Receipt Information***

The bill requires the receipts to include, at a minimum, the following information:

1. the total amount of passenger or user “platform time” (the bill does not define this term);
2. the total mileage driven during the platform time;
3. the total mileage driven during passenger or delivery pick-up time;

4. the fare charged to the passenger or user;
5. the pay rate, including, but not limited to, the rate per minute, rate per mile, percentage of passenger fare and any applicable price multiplier or variable pricing policy in effect for the trip;
6. tip compensation;
7. gross payment;
8. net payment after deductions, fees, tolls, surcharges, lease fees or other charges; and
9. itemized deductions or fees, including any tolls, surcharges, commissions, lease fees, and other charges.

Each network company must (1) maintain a digital copy of each initial receipt and finalized receipt and (2) make the receipts available for download to the network worker who initially received them. They must be available for a period of three years.

### ***Weekly Trip Summary***

The bill requires each network company to give each network worker a weekly summary of the trips the worker made during the previous week. The weekly summary must contain the:

1. network worker's total passenger or user platform time;
2. total mileage the network worker drove during passenger or user platform time;
3. total amount of passenger or delivery fares;
4. network worker's total tip compensation;
5. network worker's gross compensation itemized by (a) rate per minute, including the average rate across all trips, (b) rate per mile, including the average rate across all trips, and (c) any other method used to calculate pay, including, but not limited to, base pay, percentage of passenger fare, or any applicable price

- multiplier or variable pricing policy for the trip;
- 6. network worker's net payment after deductions, fees, tolls, surcharges, lease fees, or other charges; and
- 7. itemized deductions or fees from the network worker's payment, including all tolls, surcharges, commissions, lease fees and other charges.

## **§ 5 — PASSENGER AND USER TRIP RECEIPTS**

The bill also requires each network company to send electronic receipts with the following information to passengers or users after the trip is completed the:

1. date and time of the trip;
2. passenger or delivery pick-up and passenger or delivery drop-off locations;
3. total duration and distance of the trip;
4. driver's first name;
5. total fare paid, itemizing all charges and fees; and
6. compensation paid to the driver, including all relevant factors contributing to compensation.

An initial electronic receipt must be sent to the passenger or user no more than five minutes after a trip's completion and for a finalized receipt no more than 24 hours after completion.

Existing law, unchanged by the bill, requires TNCs to send a receipt to a TNC rider, within a reasonable period of time after the trip's completion, that includes the origin and destination of the prearranged ride, the total ride time and distance, and an itemization of any fare paid (CGS § 13b-118(b)(2)).

## **§ 6 — ENFORCEMENT**

Under the bill, any network worker aggrieved by a violation of the

minimum pay, cancelled trip pay, mileage reimbursement, or other required compensation of the bill may sue in the Superior Court to recover damages, civil penalties, and equitable and injunctive relief as the court deems appropriate. Any individual who prevails in the civil action may be awarded attorney's fees and costs as the court decides.

A network company that knowingly violates these provisions is liable to the affected network worker in the amount of \$100 per violation.

## **§ 7 — REGULATIONS**

The bill allows the labor commissioner to adopt regulations to implement the bill's provisions.

## **§ 8 — REGISTRATION**

The bill requires network companies to (1) register annually with DOL, beginning by January 1, 2024, and (2) pay a nonrefundable registration fee (presumably annual) set by the labor commissioner that must be sufficient to cover all costs that DOL incurs in carrying out the bill's requirements.

Under current law and unchanged by the bill, TNCs (but not necessarily third-party delivery companies) must register with the Department of Transportation (DOT) and pay an annual \$5,000 registration fee (see BACKGROUND).

### ***Required Information***

The network company's registration, which must be in a form and manner the DOL commissioner decides, must include:

1. the network company's name, business address, and telephone number;
2. if the network company is registered in another state, the name, address, and telephone number of the company's agent for service of process in this state;
3. the name, address, and telephone number of the network

company person who will serve as the main contact for DOL;

4. enough information to show that the network company complies with the minimum pay, cancelled trip pay, mileage reimbursement, and other required compensation and registration provisions of the bill, and with any regulations DOL adopts; and
5. trip and revenue data described in below.

***Trip and Revenue Data***

Each network company must submit trip and revenue data as part of its annual registration. This data must include the following for each trip the network company dispatched:

1. the vehicle license plate number used by a network worker;
2. the date, time, and location in which the passenger or the delivery was picked up by a network worker, and the date, time, and location in which the passenger or delivery was subsequently dropped off by the network worker;
3. the number of passengers or deliveries picked up by a network worker from the location described above;
4. the mileage driven by the network worker during the trip;
5. the date and time the trip was requested by a passenger or user;
6. the number of stops and deliveries made during the trip; and
7. an itemized fare for the trip, including any far amount; any toll, surcharge, commission rate or other deduction; any tip; and a breakdown of the amount the passenger or user paid for the trip.

The data must also include the following:

1. the total payment, or hourly paid rate, each network worker received for each trip that the network worker completed;

2. the time each network worker's motor vehicle is connected to the digital network each day;
3. the time each network worker spent transporting passengers or deliveries;
4. the time each network worker spent each day traveling to passengers or deliveries; and
5. the time each network worker spent between trips, but not traveling to pick up a passenger or delivery.

### ***Amending the Registration***

The bill requires a network company to amend any information in its registration that is incorrect or needs to be changed. A network company can do so by submitting an amendment to the DOL, as the commissioner prescribes, within 30 days after the network company discovers or reasonably should have known of the change.

### ***Information Not Disclosable Under FOIA***

Any personally identifiable information or data included in a network company's registration is not subject to disclosure under the states' Freedom of Information Act, except the labor commissioner must make redacted versions of the data available on DOL's website for public access.

## **§ 9 — RECIPROCITY WITH OTHER STATES**

By January 1, 2024, the transportation commissioner must communicate with the chief transportation officials of New York, Massachusetts, Rhode Island, and New Jersey to make a reciprocity agreement for the purposes of allowing Connecticut network workers to pick up passengers in these other states and to allow network workers of these other states to pick up passengers in Connecticut.

By law, in order to be a TNC driver in Connecticut, a person must have a Connecticut driver's license, or a license issued by a state that allows TNC drivers with a Connecticut license to provide prearranged rides in the state (i.e., a "reciprocal state") (CGS 13b-119(c)(1)(D)).

**BACKGROUND**

***DOT Authority Over TNCs (CGS § 13b-117)***

The DOT commissioner can suspend, revoke, or refuse to renew a registration if the commissioner determines the TNC intentionally: (1) misled, deceived, or defrauded the public or the commissioner; (2) engaged in any untruthful or misleading advertising; (3) engaged in unfair or deceptive business practices; or (4) violated any provision of the existing TNC law, including registration, driver qualification, or insurance requirements.

Before any suspension, revocation or nonrenewal of the registration, DOT must give the TNC notice and an opportunity for a hearing. Any TNC whose registration has been suspended may, after 90 days, apply to the commissioner to have the registration reinstated.

Also, any TNC that operates in Connecticut without a valid registration, or when the registration is suspended, will be fined up to \$50,000.

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 8      Nay 4      (03/23/2023)