March 12, 2024

DOORDASH

Testimony Relative to House Bill 5470,
An Act Concerning Rideshare and Delivery Driver Minimum Standards.

Dear Chair Kushner, Chair Sanchez, Ranking Members Sampson and Weir, and distinguished members of the Labor and Public Employees Committee:

My name is Christina Kennedy, and I am the Government Relations Manager for New England at DoorDash. We are a local commerce platform and technology company whose mission is to grow and empower local economies, including those here in Connecticut. We do that by partnering with more than 5,600 merchants throughout the state.[1]

We also empower the more than 69,000 Connecticut residents last year who earned extra income as couriers – we call them Dashers – and use our platform to deliver meals and other essentials to their communities when, where, and how they want. The average Connecticut Dasher spends less than 4 hours per week delivering, and almost all Connecticut Dashers – 91% – deliver for fewer than 10 hours per week.[2] Connecticut Dashers last year earned on average over $24 per hour while delivering.

HB 5470 would fundamentally change the way that Dashers and other app-based delivery workers in Connecticut are paid. It goes farther than policies recently introduced in other jurisdictions that are increasing prices for consumers, costing small businesses millions of dollars in lost revenue, and reducing earning opportunities for Dashers. And importantly, this proposal includes regulations that don't make sense for delivery platforms or the people who use them.

<u>We respectfully urge the Committee to take the following comments into consideration and use us as a resource as you deliberate HB 5470.</u>

Under this proposal, Dashers would earn about $71 per hour while delivering, more than the state's median pay for hosts, waiters, and cooks – *combined*. This bill requires Dashers to be paid $36 per hour while they are delivering. On top of that, workers would be paid an additional $2.31 per mile.[3] That works out to about $71 per hour, about $23 more per hour than the median

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[1] Based on the number of merchants on the DoorDash Marketplace in 2023.
[2] Measured during the fourth quarter of 2023.
[3] Under the bill, Dashers must be paid $1.30 per mile while delivering and also would receive mileage reimbursements 1.5 times the IRS rate of $.665 per mile. In other words, Dashers would earn $2.31 per mile, plus $.60 for each minute they are on delivery. We have not analyzed the average time and distance that Connecticut Dashers cover on a delivery, but if we were to assume, for example, that the average delivery in the state takes about 20 minutes to complete and covers about 5 miles, a driver will earn $71 per hour if he makes three such deliveries in that hour.

restaurant host ($14.26 per hour), waiter ($16.52 per hour), and cook ($17.37 per hour) – *combined*. In other words, the person coming to deliver the food would make at least 4 times more per hour than the person cooking the food. This arrangement would almost certainly lead to substantially increased prices for consumers, fewer orders from businesses, and fewer earning opportunities for Connecticut workers.

Recent experience in other markets show that proposals like this one will hurt – not help – delivery workers. For example, a new ordinance in Seattle requires delivery workers be paid a minimum of $26.40 per hour, plus $0.74 per mile while delivering – far less than the $36 per hour plus $2.31 per mile in this proposal. The early returns from Seattle are not good. Workers say the new law is already "backfiring."[4]

- In a span of two weeks, consumers have placed 30,000 fewer orders on the DoorDash Marketplace alone, causing longer wait times between offers for Dashers. That means fewer dashes and fewer earning opportunities for Seattle workers.
- During the same period, Seattle businesses have missed out on more than $1 million in revenue through the DoorDash Marketplace due to decreased order volume.
- Dashers in the city report that their wages have been "slashed" by the ordinance, including one Dasher who says he made 50% less after the law took effect, because there's now less work available.
- Just two months into the new law, Seattle's City Council president is "very worried" about how it is hurting workers, and she "want[s] to make changes" as soon as possible.[5]

HB 5470 could be far more damaging than the Seattle ordinance, as the pay standards in this proposal would result in an average active hourly pay rate twice that of Seattle delivery workers.

HB 5470 contains regulations that don't make sense for delivery workers because they were designed for rideshare, not delivery. For example, take the proposed mileage pay of $1.30 per mile, plus an additional 150% of the IRS rate – about $2.31 per mile in total. One study of delivery workers in the Seattle area estimated that rideshare drivers' mileage costs – to cover things like depreciation, fuel, and maintenance – in fact are about 7 times smaller, and range from between $0.27 and $0.30 per mile.

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[4] White, Maddie. "'It's Definitely Backfiring': Seattle Ordinance Intended to Help App Delivery Workers Is 'hurting' Them." *NBC News King 5*, 5 Feb. 2024, www.king5.com/article/news/local/seattle-ordinance-intended-app-delivery-workers-hurting-them/281-9516c79c-3161-41f3-a662-798b9db16d3f.
[5] Soper, Taylor. "Seattle City Council President Sara Nelson 'Very Worried' about Fallout from Food Delivery Shake-Up." *GeekWire*, 23 Feb. 2024, www.geekwire.com/2024/seattle-city-council-president-sara-nelson-very-worried-about-fallout-from-food-delivery-shake-up/.

Some jurisdictions have set higher rates for rideshare drivers, but that's because of major differences in their expenses (compared to delivery workers) and different approaches to applying those mileage rates within the rideshare industry, such as applying them only to the time a passenger is in the vehicle.

This proposal creates major privacy concerns. HB 5470 requires platforms to share granular details about every trip or delivery made through their respective apps, including the time and date of the order, pick-up and drop off locations, the cost, and identifying information about the delivery worker. For platforms like DoorDash, this poses a significant threat to the privacy of Dashers, consumers, and merchants and would result in alarming consequences for each party involved a typical DoorDash order:

- **For Dashers:** Dashers would effectively have all of their movements on our platform surveilled by the state, because every order could be tracked to their license plate.

- **For Consumers:** The state could profile every household that orders delivery, knowing where people are ordering from, how often they order, and how much they spend.

- **For Merchants:** Platforms would have to hand over the details of merchants' entire third-party delivery business to the state. This could have significant ramifications for businesses and the competitive landscape, particularly if this information is made publicly available as the law envisions.

Beyond the fact that the data sharing requirements themselves are invasive and unnecessary to address issues associated with wages, these requirements violate many of the best practices associated with business-to-government data-sharing mandates.[6] The data sought here is far too granular and out of proportion to any legitimate need for information about deliveries. The bill is silent with respect to how the state might use this data for other purposes. It does not adequately specify what types of information will be made publicly available. It provides no safeguards that the state must take to protect the data. And it fails to address how consumers, workers, or merchants can exercise basic rights over their information once the state has it.

Finally, the data sharing requirements are at odds with the approach that the legislature previously has taken on privacy. The state has been a leader in empowering people to take control over their personal information. This bill is significantly out of step with those actions.

HB 5470 would levy a regressive tax on all Connecticut consumers. In addition to driving up prices that Connecticut consumers will pay, the bill imposes a $.15 tax on each delivery order.

[6] The Centre for Information Policy Leadership has outlined 15 best practices that these policies should align with to promote transparency, ensure data is protected, and guard against the potential for misuse of people's personal information.

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Flat rate delivery fees are highly regressive and add further costs for people who rely on delivery for essential goods. These types of fees are especially painful for people who can't afford to bundle the items they need into higher value orders. If these fees are passed on to consumers, a person who places five orders for $20 each would pay five times as much tax as their neighbor who makes a single $100 purchase. Worse, goods that aren't subject to sales tax and should be tax-free – basic necessities like food and medicine – would still trigger this surcharge.

We respectfully urge the Committee not to take swift action on any statutory change that would impact delivery platform operations and significantly harm Connecticut consumers, workers, and small businesses.

Thank you for the opportunity to provide this written testimony, and we welcome the opportunity to work with the Committee moving forward.

Sincerely,

Christina Kennedy
Sr. Government Relations Manager, New England
DoorDash