

Labor and Public Employees Committee

JOINT FAVORABLE REPORT

Bill No.: SB-1487

AN ACT CONCERNING TRANSPORTATION NETWORK COMPANIES AND

Title: THIRD-PARTY DELIVERY COMPANIES.

Vote Date: 3/20/2025

Vote Action: Joint Favorable Substitute

PH Date: 3/11/2025

File No.:

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SPONSORS OF BILL:

Labor & Public Employees Committee

REASONS FOR BILL:

The reason for this bill is to set minimum standards of business for transportation network companies and third-party delivery companies, to ensure that drivers with those companies are fairly compensated for their work, as well as informed of their rights and how much they should earn for trips. To this end, the bill requires TNCs and third-party delivery companies to register with the DOT Commissioner annually, provide dual-language real-time messaging with drivers, provide timely receipts to drivers and riders, sets minimum compensation rates for drivers, provides for disclosures for enrollment in PFMLA and how to engage in inter-state trips, and an internal appeals process for terminations.

The substitute language: adds provisions requiring the Labor Commissioner to annually adjust the minimum compensation rate for TNC drivers.

RESPONSE FROM ADMINISTRATION/AGENCY:

None provided.

NATURE AND SOURCES OF SUPPORT:

Daniel Ocampo, National Employment Law Project (NELP): Supports the bill. States Connecticut drivers deserve a better deal as App-based ride hail and delivery drivers increasingly provide critical labor in Connecticut—The companies that rely on these workers, however, have avoided paying minimum wages and complying with basic workplace laws by classifying them as independent contractors, meaning they don't have a guaranteed minimum

wage, paid leave, unemployment insurance, workers' compensation, or employer-provided healthcare. Stating many states have recently put similar laws into effect and the companies have still made profits and the industry is as strong as ever, and there is no justification for Connecticut's ongoing failure to guarantee tens of thousands of its critical workers the protection of a minimum wage and workplace rights. Adding workplace transparency is essential, app-based drivers have incredibly limited access to information about how their work is assigned and compensated and are kept in the dark as to how their pay is calculated, adding Uber many years ago guaranteed its drivers a fixed percentage of each fare but now driver pay is now completely uncoupled from consumer fares, and is determined according to algorithms whose basic inputs the company refuses to divulge resulting in the company commissions of 30, 40, or 50% of the fare. States the bill would represent a small step forward for workers, requiring companies to disclose information on how it sets pay, and what companies pay their drivers out of each customer fare. Cites the Comptroller's report showing that the state currently has no idea how many app-based drivers are on Connecticut's streets, or if they are being paid minimum wage, and that Uber & Lyft alone have avoided \$16 million in state taxes over the last few years. Adding the bill should ensure that TNC and DNC drivers are guaranteed an independent contractor equivalent to the state's minimum wage of \$16.35 an hour, add language that provides both a private right of action for workers and consumers to enforce violations of the transparency provisions, and it should empower the Department of Labor to enforce such violations as well. States cases from various states where ride hail companies were found to have not paid millions in UI taxes and in some that money was recovered. States that ride hail companies need to prove to a court that drivers are operating "outside of the usual course of the company's business," they might be unlawfully evading tax and employment obligations. Adding the Legislature should act on the Comptroller's recommendations and rectify this problem and should also put in basic transparency for workers and consumers, as well as data reporting to the Department of Labor, and putting in motion a process to enshrine and enforce minimum compensation standards in state law. His testimony also included supporting documents as evidence of these claims.

Stacey Zimmerman, Deputy Director, SEIU Connecticut: Supports the bill. Stating it will make going to work a little safer for those who make up an ever- growing segment of the workforce and the bill's concepts are generated from real experiences of drivers.

Obed Sierra, Organizer, CT For All Coalition: Supports the bill. States there are thousands of drivers at the mercy of companies that are constantly exploiting and not providing any benefits, adding personal relations are drivers and the apps offer no transparency with how they function, Stating the cost of these services is raising and it is not due to any expansion of benefits to riders and drivers. Urges giving CT's essential workers proper compensation for the services they provide.

James Bhandary-Alexander, Special Advisor, Connecticut Drivers United: Supports the bill. States the important work that CDU members do for the community and how the app-based companies have mostly eliminated taxis and now completely control the working lives of drivers. Stating the companies forbid drivers to negotiate their own rates and pay drivers different amounts for the same work based on how desperate each individual driver is, as determined by an algorithm. Adding thanks to the Comptroller's comprehensive report outlining how the Transportation Network Companies, avoid paying their fair share of taxes to our state, and comprehensively deny drivers the rights and benefits all other workers have.

Adding that CDU is proud to have led the educational campaign that led to Comptroller Scanlon's report, and taxpayers in Connecticut should know that the companies are denying the state millions of dollars of revenue by not paying taxes. Stating the bill helps with more transparency for drivers and passengers, funding for the state, and some basic protections adding Connecticut needs to join surrounding states and implement a per minute, per-mile minimum wage. Just as driver, passenger, and taxpayer rights are aligned, we also know labor standards and public safety are aligned, especially in transportation.

Tim Gabriele, Member, UNITE HERE Local 34: Supports the bill. States that delivery Rideshare apps have transformed the way business is done in many industries and have made a few people very wealthy while leaving behind the drivers performing the labor needed to create the growth. Adding these companies have been able to skirt labor laws by keeping their drivers as subcontractors, and that the companies have not paid taxes into the state adding up to \$16 million. Adding every single worker deserves the dignity of understanding what their wages will look like, the pay transparency mechanisms in this bill help ensure that this is the case for Connecticut drivers benefiting workers and customers. Adding the bill should include minimum-per-minute and per-mile rates, and drivers should be compensated for time taken to travel across the state border, such as tolls, gas, and extra travel time through reciprocal relationships with neighboring states to make sure Uber, Lyft, Doordash and their peers stop subsidizing the costs of their business expenses to their underpaid workers.

Keith Henderson, Driver: Supports the bill. States they are in favor of pay transparency for drivers so they know how much they will make for each ride, and questions why they can't carry passengers across state lines.

Jamie Krzmarzick: Supports the bill. Cites the Comptroller's report that shows that ride-shares are not paying their way in state taxes, and they should be held accountable. Adding drivers are essential workers, and they provide so many people within our state and community with transportation to where they need to go. Stating the bill would require tech platforms to be transparent about what they're charging passengers and what they're paying drivers, and this is an essential start to the pay inequities these drivers experience during their driving shifts.

Travis Woodard, P.E. President CSEA SEIU Local 2001 Engineer CTDOT: Supports the bill. States the bill is a good start, but drivers are essential workers in our state that and need more. Cites the Comptroller report explaining that companies like Uber, Lyft, Doordash are failing to pay state taxes of at least \$16 million dollars and it advocates for pay standards, transparency, health benefits, and a comprehensive suite of rights for drivers. Adding the bill would require tech platforms to be transparent about what they're charging passengers and what they're paying drivers., but that the bill should also require transparency with the state as well, so that lawmakers have the data they need to regulate this industry appropriately. Adding driver wages are too low and have been falling for years and are being squeezed by rampant inflation and precarious working conditions, meanwhile Uber & Lyft take a growing share of passenger fares and turn out growing profits for shareholders. Citing a UCLA Labor Center report showing Uber & Lyft took 30% or more in commission on more trips in 2022 than in 2019. Stating this bill should also include minimum per-minute, and per-mile rates, and reciprocal treatment across state lines for Connecticut drivers something out-of-state

drivers, already have, and the bill should empower the Commissioner of Transportation to negotiate reciprocal relationships with neighboring states.

Brandi Mandato, Commissioner of Economic Development in North Haven: Supports the bill. States they have met drivers who are teachers working to supplement their incomes, single parents working late nights and early mornings to make ends meet, veterans and retirees supplementing limited fixed incomes, while rideshare companies have seen hundreds of millions in profits because they treat their workers as private contractors and avoid labor laws and protections guaranteed to American workers. Adding drivers need a pay standard consistent with other work done by Connecticut workers, and this bill should include minimum-per-minute and per-mile rates, compensation for time taken to travel across the state border, and reciprocal relationships with neighboring states to make Rideshare companies stop subsidizing the costs of their business expenses to their underpaid workers.

Renee Mazzadra, North Haven CT: Supports the bill. States that rideshare and delivery drivers are essential workers that provide critical services who deserve better pay, transparency, and protections, and that the bill is an important step. Stating the bill requires Uber, Lyft, and DoorDash to disclose pay information, which is a good start, but it should also include data be shared with the state to help set fair pay standards and regulate the industry appropriately. Stating, drivers need minimum pay standards to ensure they are fairly compensated with a recent report showing that Uber and Lyft are taking more than 30% of passenger fares, leaving drivers with less. Adding the bill should include per-minute and per-mile rate requirements to protect drivers and Connecticut drivers should have reciprocal agreements with neighboring states for drivers to pick up out of state passengers, to avoid travelling back empty.

NATURE AND SOURCES OF OPPOSITION:

Brianna January, Director of State & Local Government Relations, Northeast US Chamber of Progress: Opposes the bill. Stating while they support many of the bill's provisions aimed at enhancing transparency, some provisions could have negative unintended consequences for driver pay and consumer trust. Stating app-based companies already provide drivers and couriers with key information before accepting rides or deliveries, including estimated earnings and distance, so that they can make informed decisions about each ride or order, after the trip, drivers and couriers receive detailed receipts with trip and pay information. Adding the bill would require companies to disclose additional, irrelevant information that could cause confusion, the bill requires platforms to disclose to consumers how much drivers or couriers earn for each trip this could inadvertently confuse riders about fare breakdowns and driver pay, ultimately reducing driver and courier tips, and the requirement that DNC drivers receive information about the value of customers' orders could violate customers' privacy and undermine their trust. States that App-based delivery drivers are indispensable to Connecticut providing essential services, however, unintended consequences should be considered before moving forward with any new disclosure requirements.

Paul Amarone, Public Policy Associate & Advocacy Manager CBIA: Opposes the bill. This bill would require transportation network companies and third-party delivery companies to provide drivers and customers with substantial information like, driver pay rates, cost of delivery, amount of expected earnings, itemization of total fare paid, tip information, detailed

personal information of drivers, and real time messaging available in English and Spanish, which would add onerous reporting and administrative requirements to companies. Adding drivers are informed of the amount they can expect to earn, the distance for each trip, and are provided with receipts for each trip upon completion of a ride, but mandating that companies disclose driver pay rates for each trip to customers, and what a customer paid for their food or product, would expose private information and transactions. Stating that no other jurisdiction in the U.S. has this requirement, and Connecticut should not take the lead on implementing one. States CBIA has concerns with the bill granting the Commissioner of Transportation the power to audit the records of companies impacted by this bill up to four times per year, as well as the power to suspend, revoke, or refuse to renew a license to operate if the company intentionally engaged in unfair or deceptive business practices, which is overly broad and onerous. Adding concerns about the bill seeming to deem drivers as employees and not as independent contractors.

Harry Hartfield, Uber Government Affairs Leader of Uber in Connecticut: Opposes the bill. States support for the goal of increased transparency for workers, but they have serious concerns with some of the provisions that don't serve the goal of increased transparency and could have unintended consequences. Adds the bill is vague and lacks crucial definitions, making compliance onerous and effectively impossible and that Uber already provides drivers with substantial information about trips, the ability to see their fare, distance and destination prior to the trip, detailed information including pay, tips, rider fare, route information and more following the trip, and weekly statements that breakdown rider fares, fees, and other costs accessible in the app. States most drivers want to remain independent contractors, citing polling data. Adding that traditional employment does not work for most people who drive for Uber which is why they want to remain independent contractors. States the differences Between Rideshare and Food Delivery Services With that said it's important to note that food delivery and rideshare are very different businesses and we don't believe a one size fits all approach is appropriate. Many of the provisions in the DNC section are unprecedented and expose confidential information about customers and restaurants' private transactions. States the differences Between Rideshare and Food Delivery Services makes lumping both industries together into one bill is overly complicated, with unnecessary regulatory challenges they'd strongly encourage the committee to separate these bills. Adding a primary concern is that the bill requires transportation network companies to disclose to customers how much the driver made on any given trip which is largely unprecedented, only one other jurisdiction in the world has a similar requirement. Adding the provisions about driver suspension and providing the distance traveled in a week are unclearly defined and difficult to implement. Adding a per minute and per mile information after the trip will be nearly impossible to comply with on a practical level, with the gross and net earnings section not defining what constitutes gross and net earnings. Testimony also included supporting documents providing evidence towards these claims.

Christina Kennedy, DoorDash Government Relations Lead New England: Opposes the bill. States DoorDash is a technology company whose mission is to grow and empower local economies, by partnering with thousands of local restaurants, retailers, and small businesses across the Nutmeg State to help power their online ordering, takeout, delivery, and marketing efforts. Stating many different types of people Dash and they get to choose when, where, and how to use DoorDash adding last year, over 85,000 people in Connecticut used DoorDash to earn extra income and for most of these individuals, it is a supplementary income source that fits around their existing work and responsibilities. the average Dasher in the state delivers

for just over 3 hours per week. Adding DoorDash Already Provides Detailed Information About Dasher Pay When a Dasher receives a delivery offer, they are provided with key details up front to help them decide whether they want to accept it, this includes the pick-up and drop-off locations, the estimated time to complete the delivery, and a guaranteed minimum amount of pay for completing the order dashers always know how much they are guaranteed to earn, not including any additional tip before deciding to take a delivery, and they have complete control over which opportunities to accept. Stating delivery services operate differently than rideshare services who are paid by a percentage of a fare, but delivery service drivers are paid through fees and does not correlate to the amount the consumer pays for their order adding Dashers are paid based on a number of factors, including characteristics of a particular offer, meaning they are not paid less simply because the food consumers order is cheaper. Stating the changes the bill would make to pay would be unfair and unsustainable, and the disclosure of sensitive information would only hurt and confuse everyone involved.

Reported by: Ian Graves

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