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## OLR Bill Analysis

### sSB 1487

#### ***AN ACT CONCERNING TRANSPORTATION NETWORK COMPANIES AND THIRD-PARTY DELIVERY COMPANIES.***

#### **SUMMARY**

This bill expands upon existing laws on transportation network companies (TNCs) and creates new requirements for third-party delivery companies.

Among other things, the bill:

1. sets minimum compensation requirements for TNC drivers and third-party delivery drivers and requires annual adjustments to these minimums;
2. requires TNCs and third-party delivery companies to provide receipts that detail time, distance, and pay rate to their respective drivers (the bill requires an initial receipt to be sent within five minutes after the ride or delivery is completed and a final receipt to be sent within 24 hours after the ride or delivery);
3. requires these companies to give drivers weekly summaries;
4. adds more items that must be listed on receipts provided to TNC ride customers and creates a similar requirement for delivery company customers' receipts;
5. requires these companies to keep copies of the receipts and summaries for three years from the prearranged ride or delivery date and make them available to the drivers; and
6. increases the annual TNC registration fees in most circumstances.

By law, a TNC is a company, corporation, partnership, trust, association, sole proprietorship, or similar organization operating in

Connecticut that uses a digital network to connect TNC riders to TNC drivers to provide prearranged rides.

The bill defines a third-party delivery company as a company, corporation, partnership, trust, association, sole proprietorship, or similar organization that operates in Connecticut and uses a digital network to connect customers to third-party delivery company drivers to provide prearranged deliveries. Similar to the definition applicable to TNCs, the bill defines a digital network as any online-enabled application, web site, or system offered or utilized by a third-party delivery company that enables the provision of prearranged deliveries.

EFFECTIVE DATE: July 1, 2025, except the provisions on TNC renewal fees, messaging, rider receipts, retaliatory actions, minimum compensation, disclosures, and internal appeals processes are effective October 1, 2025.

## **TRANSPORTATION NETWORK AND THIRD-PARTY DELIVERY COMPANIES**

### ***§ 5 — Minimum Compensation for TNC Drivers and Third-Party Delivery Company Drivers***

Under the bill, beginning October 1, 2025, both a TNC driver and a third-party delivery company driver must receive a minimum compensation for each prearranged ride or delivery equivalent to the greater of:

1. 85% of the fare charged to the rider or delivery customer (not including any taxes, fees, or surcharges on the ride or prearranged delivery, and any gratuities paid to the driver); or
2. the sum of (a) a minimum of \$1.59 per mile traveled during rider transport time or during a prearranged delivery, and (b) a minimum of \$0.68 per minute of rider transport time or during a prearranged delivery.

The bill defines rider transport time as the period of time when a TNC driver is transporting one or more TNC riders for a prearranged ride, beginning when the first rider enters the TNC vehicle and ending when

the last rider exits.

The bill also requires that the labor commissioner announce an adjustment to this minimum compensation annually, starting on October 1, 2026. The new minimum compensation becomes effective on the following January 1. The bill requires that, by January 1, 2027, and by January 1 of each following year, the minimum compensation be adjusted by the percentage change in the employment cost index, or its successor index, for wages and salaries for all civilian workers, as calculated by the U.S. Department of Labor, over the 12-month period ending on June 30 of the prior year, rounded to the nearest whole cent.

### **§§ 3 & 7 — Receipts to Riders and Delivery Customers**

Current law requires certain items to be detailed in a rider's receipt from a TNC within a reasonable time, including (1) the ride's origin and destination, (2) its time and distance, and (3) an itemized fare. The bill requires TNCs to instead provide this and additional information in an initial receipt (within five minutes) and a final receipt (within 24 hours) to a rider. The additional information is the date and time of the ride and the driver's first name and compensation, including the relevant factors the TNC used to calculate the compensation.

The bill requires a third-party delivery company to provide its customers with these same receipts with the same information about their prearranged deliveries. Under the bill, a prearranged delivery is a delivery, by a third-party delivery company driver, of groceries, food, beverages, commercial goods, or other items prepared by another entity, or food and beverages from at least 10 separately owned and operated food service establishments (1) beginning when the driver accepts a request from the customer through a digital network, (2) continuing while the driver transports the items, and (3) ending when the driver delivers the items to the location requested by the customer.

### **§§ 4 & 7 — Receipts to Drivers**

The bill requires a TNC or third-party delivery company to provide its driver, through its digital network, with an initial receipt (within five minutes) and a final receipt (within 24 hours) after completing a ride or

delivery. The receipts to the drivers must detail the:

1. total time and distance of the prearranged ride or delivery;
2. total distance driven by the driver beginning when the driver accepted the request from the rider or delivery customer through the digital network and ending when the rider entered the TNC vehicle or the driver picked up the food, drink, or other items for delivery;
3. total fare charged to the rider or delivery cost to the customer;
4. driver's pay rate, including the per minute and per mile rate, percentage of the fare or delivery cost the driver received, and any dynamic pricing;
5. tips or gratuities;
6. driver's gross pay;
7. net payment to the driver after deduction of any fees, tolls, surcharges, lease fees, or other charges; and
8. an itemization of any such deductions.

Under the bill, a third-party delivery company driver is an individual who uses the digital network of a third-party delivery company to provide prearranged deliveries.

The bill also makes a change to eliminate a provision that a TNC driver, for purposes of the requirements governing TNCs, cannot be someone who is a TNC employee.

Under the bill, dynamic pricing for delivery drivers (dynamic pricing for TNC drivers is already in existing law) means offering a prearranged delivery at a price that changes according to the demand for deliveries and availability of third-party delivery company drivers.

#### **§§ 4 & 7 — Weekly Summaries**

The bill requires that both TNCs and third-party delivery companies

give their drivers weekly summaries of rides or deliveries completed during the prior week. The summaries must include the following:

1. total ride or delivery time and distance the driver completes during the week;
2. total fares charged to TNC riders or delivery customers during the week from the rides and deliveries;
3. total amount of tips or gratuities paid to the driver during the week;
4. the driver's gross payment received during the week, itemized by (a) rate per minute, including the average across completed rides or deliveries, (b) rate per mile, including the average across completed rides or deliveries, and (c) any other method used to calculate pay (such as base pay, percentage of fare or cost, or dynamic pricing that was applied);
5. the driver's net payment during the week after the deduction of any fees, tolls, surcharges, lease fees, or other charges; and
6. an itemization of any deductions.

**§§ 4 & 7 — *Maintaining Records***

The bill requires that both TNCs and third-party delivery companies maintain a digital copy of each initial and finalized electronic driver's receipt and weekly summaries for at least three years from the date of the prearranged ride or delivery. The companies must also make them available for downloading by the TNC driver or third-party delivery company driver.

**§§ 4 & 7 — *Reporting to the Labor Commissioner***

Beginning by October 1, 2026, the bill requires a TNC or third-party delivery company to annually submit final driver receipts and weekly summaries to the labor commissioner in a form and manner she sets.

## **TRANSPORTATION NETWORK COMPANIES**

### **§ 2 — *Registration and Fees***

The bill sets both the initial registration fee and the annual renewal fee based on the number of TNC drivers with an active account on the TNC's digital network at the time of registration or renewal. Under current law, the initial and renewal registration fees for a TNC are \$5,000. Under the bill, initial registration and annual renewal fees are:

1. \$5,000 for a TNC with less than 50 drivers;
2. \$10,000 for a TNC with 50 to 199 drivers; and
3. \$30,000 for a TNC with 200 or more drivers.

The bill specifies that TNCs must submit a renewal registration form as part of their annual registration renewal.

### **§ 3 — *Messaging***

The bill requires that a TNC provide real-time messaging (in English and Spanish) between the company and the driver through the company's digital network when the driver is using the network.

### **§ 3 — *Retaliation***

The bill prohibits a TNC from taking or threatening to take any retaliatory action (such as suspending or banning access to its digital network) against a TNC driver because the driver filed a complaint with the company.

### **§ 6 — *Disclosures about Paid Family and Medical Leave Act (PFMLA) and Providing Rides in Neighboring States***

The bill adds two additional disclosures that, prior to permitting an individual to act as a TNC driver on its digital network, a TNC must give an individual:

1. that the individual may enroll in PFMLA and get information about the program from the Paid Family and Medical Leave Insurance Authority, and
2. how the individual can become qualified to provide prearranged

rides that start in a neighboring state.

### **§6 — Internal Appeals Process**

Under the bill, a TNC must establish an internal appeals process for TNC drivers who are suspended or banned from accessing the digital network. When a driver is suspended or banned, the TNC must promptly inform the driver, electronically or in writing, of (1) the reasons for the suspension or ban and (2) instructions for how to appeal according to the internal appeals process.

### **BACKGROUND**

#### ***Related Bills***

sSB 1448, favorably reported by the Transportation Committee, (1) requires TNCs to provide receipts that detail time, distance, and pay rate to their drivers; (2) increases the registration fee for TNCs; and (3) requires TNCs to provide real-time messaging, establish an appeals process, and disclose certain information to their drivers.

### **COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 9 Nay 4 (03/20/2025)