

BEFORE THE LABOR AND INDUSTRY FINANCE POLICY COMMITTEE

**Public hearing for establishing protections
for transportation network company
drivers**

Public Hearing: March 9, 2023

COMMENTS OF UBER TECHNOLOGIES, INC.

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Uber welcomes a conversation with the Labor Committee on economics and driver pay in the Transportation Network Company (“TNC”) and Delivery Network Company (“DNC”) industries. We are committed to working with drivers and legislators to ensure Minnesota continues to enjoy vibrant rideshare and app-based delivery industries that support drivers, residents and visitors.

Rideshare and delivery services, including Uber and the Minnesotans who have become drivers using Uber technology, have significantly increased consumer choice in recent years and have brought important benefits to historically underserved areas. Since 2012, Uber’s technological innovations and the efforts of new drivers have brought noteworthy benefits, while also increasing economic opportunities for people who want to become drivers. Now, as Minnesota continues to recover from the COVID-19 pandemic, TNCs and DNCs are playing a substantial role in helping all of our communities rebound. Still, the pandemic has left a considerable mark on the industry and continues to have an impact on industry dynamics. This Committee should take those into account as it considers regulatory changes.

Driver Pay, Resulting Rider Costs & Loss of Work

It should be understood in no uncertain terms: if passed in its current form, HF 2369 would make Minneapolis the most expensive city for rideshare and app-based food delivery in the entire country. For example, taking an Uber ride in Minneapolis would be about 50 percent more expensive than the same trip in New York City - where, unlike in Minnesota, drivers are required to purchase their own commercial insurance policies.

Based on the pay standards and reimbursement rates set out in HF 2369, we estimate that the cost of these services will increase more than 2.5x on average and more than 4x on some trips. For DNC deliveries, we estimate the delivery fee the customer pays would have to increase by between \$9 and \$14 per delivery.

To put a finer point on it, under this bill, a 10-mile Uber ride between Minneapolis and St. Paul lasting 15 minutes would cost \$39.60 - if Uber collected nothing.

With such a steep increase in costs, it can be expected that even in the best-case-scenario, we will see a decline in demand for these services. Our calculations show a decrease in rideshare trips by roughly 40-50% in the short run, and by 65%-75% in the long run. This reduced demand means less work for drivers - we estimate that (assuming average hours per worker remain constant) we can reasonably anticipate approximately 4,000-5,000 drivers leaving the platform in the short run, and around 7,000 drivers leaving the platform in the long run. On the delivery side, we estimate a reduction in volume by *at least* 30%-50% of deliveries resulting in *at least* 2,000-3,000 couriers leaving the platform.

It stands to reason that with the steep increase in costs, demand will naturally decrease in lower-income communities, leading to decreased transportation options and food access in less dense/less well-connected areas - not to mention the impact on restaurants receiving fewer orders. We estimate that restaurants in Minnesota would lose out on at least \$6 million to \$9 million in order revenue over the course of one quarter (assuming no substitution through pickups or other methods).

Further, with such a loss in both supply and demand, we will unfortunately have no choice but to stop operating entirely in some parts of the state. In the areas where rideshare and delivery continues, a reduction of this scale would undoubtedly have implications for reliability. Not only would consumers be paying much higher prices for rides and deliveries – wait times will likely also increase due to the reduction in network density.

Deactivation Regulation

The Uber platform thrives because of its strong network of drivers and riders. We know it is in our best interest to help drivers avoid being deactivated and stay on the platform, which is why we work with drivers whenever possible to keep their accounts online, including reaching out when an account becomes at risk. The requirements laid out in HF 2369, however, are operationally impossible and unsound from a safety and victims'-rights perspective.

Requiring a hearing to be held within 10 days of a TNC being made aware of an alleged violation and mandating that the hearing happen prior to the deactivation is operationally impossible. It will also severely limit our ability to take action on bad actors and pose a greater threat to platform users.

HF 2369 would take away our ability to act on non-safety-related deactivations, including serious concerns like ID check failures, fraudulent documents and fraudulent activities, among others.

Further, even drivers removed for physical or sexual assaults could appeal to a third-party. This is particularly concerning because the bill places the burden on companies to prove an incident “more likely than not,” which unavoidably places a greater burden on victims. As a result, we would be put in a situation where if a driver is deactivated for physical or sexual assault or harassment, we have to either reach out to the victim to get them to testify, or risk letting the driver back onto the platform, if we choose to respect a survivor’s privacy and avoid unnecessary retraumatization.

Serious incidents like sexual assault and harassment should be removed as categories for third party appeals. No other state in the country has a mandated process whereby drivers can appeal deactivations for physical and sexual assault to a third party, following which a company can be *required* to put them back on the platform.

Insurance Requirements

While the bill is light on specifics, the position of requiring workers’ compensation insurance for passenger and delivery trips is untenable. It puts Minnesota out-of-step with the rest of the country. Only one other state requires TNCs to maintain workers’ compensation insurance on behalf of TNC drivers (and even then, only once a trip has been accepted), and no other state requires it for delivery drivers.

The point of our platform is that people can turn it on at any time - whether they intend to actually accept jobs or are just getting a sense of the current demand.

When a driver has the app on but is not actually engaged (i.e., accepting jobs, en route to a pick up, with a passenger/package in the car), they are no different than any other driver on the road. Requiring rideshare companies to provide workers’ compensation insurance coverage for drivers who are not actively working on the platform is both antithetical to the purpose of the

coverage (by statutory definition it only applies to injuries within the scope of employment) and creates an unintended incentive (since a driver would be incentivized to turn the app on to benefit from the coverage without any intent of actually accepting trips).

Setting that aside, workers' compensation insurance is not the appropriate first-party injury protection insurance for independent contractor drivers due to its inherent statutory limitations. Instead, occupational accident insurance has been proven to provide benefits akin to workers' compensation while retaining the flexibility to design a program specific to the wants and needs of independent contractors.

The Path Forward

We care deeply about our work in Minnesota and know that drivers are central to our success as a platform.

We understand that drivers want predictable pay, greater pay transparency, and a process on deactivation appeals, among other things.

Since December, we have been in active conversations with the [Minnesota Rideshare Drivers Association \(MRDA\)](#) to deliver on these things in a way that also protects drivers' status as independent contractors - something drivers across the country say is critical to why they do this work.

With this testimony, we respectfully ask that the Committee reconsider moving forward with HF 2369, recognizing it creates a number of unintended consequences. Instead, we ask for the opportunity to come to an agreement with rideshare and delivery drivers. It is our strong belief that we can work together on a solution that is fair to drivers and consumers, without putting the future of rideshare and app-based food delivery in Minnesota at risk.

Thank you for your time and consideration.