

**HF4746 - 1E - Transportation Network Company Driver Benefits**

Chief Author: **Hodan Hassan**  
 Committee: **Commerce Finance And Policy**  
 Date Completed: **5/2/2024 3:29:48 PM**  
 Lead Agency: **Labor and Industry Dept**  
 Other Agencies:  
     Attorney General                      Commerce Dept  
     Human Rights Dept                    Supreme Court

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Human Rights Dept</b>						
General Fund	-	-	251	235	235	
<b>Labor and Industry Dept</b>						
General Fund	-	-	173	123	123	
<b>State Total</b>						
General Fund	-	-	424	358	358	
<b>Total</b>	-	-	<b>424</b>	<b>358</b>	<b>358</b>	
<b>Biennial Total</b>			<b>424</b>			<b>716</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Human Rights Dept</b>					
General Fund	-	-	2	2	2
<b>Labor and Industry Dept</b>					
General Fund	-	-	.97	.97	.97
<b>Total</b>	-	-	<b>2.97</b>	<b>2.97</b>	<b>2.97</b>

**Lead LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Karl Palm                      **Date:** 5/2/2024 3:29:48 PM  
**Phone:** 651-296-6055                      **Email:** karl.palm@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>
<b>Human Rights Dept</b>						
General Fund		-	-	251	235	235
<b>Labor and Industry Dept</b>						
General Fund		-	-	173	123	123
<b>Total</b>		<b>-</b>	<b>-</b>	<b>424</b>	<b>358</b>	<b>358</b>
<b>Biennial Total</b>				<b>424</b>		<b>716</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Human Rights Dept</b>						
General Fund		-	-	251	235	235
<b>Labor and Industry Dept</b>						
General Fund		-	-	173	123	123
<b>Total</b>		<b>-</b>	<b>-</b>	<b>424</b>	<b>358</b>	<b>358</b>
<b>Biennial Total</b>				<b>424</b>		<b>716</b>
<b>2 - Revenues, Transfers In*</b>						
<b>Human Rights Dept</b>						
General Fund		-	-	-	-	-
<b>Labor and Industry Dept</b>						
General Fund		-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>				<b>-</b>		<b>-</b>

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Chief Author: **Hodan Hassan**  
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 Agency: **Labor and Industry Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	173	123	123	123
<b>Total</b>	-	-	<b>173</b>	<b>123</b>	<b>123</b>	<b>123</b>
<b>Biennial Total</b>			<b>173</b>			<b>246</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	.97	.97	.97
<b>Total</b>	-	-	<b>.97</b>	<b>.97</b>	<b>.97</b>

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Karl Palm      **Date:** 4/29/2024 9:08:11 AM  
**Phone:** 651-296-6055      **Email:** karl.palm@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	173	123	123
<b>Total</b>		-	-	<b>173</b>	<b>123</b>	<b>123</b>
<b>Biennial Total</b>				<b>173</b>		<b>246</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	-	173	123	123
<b>Total</b>		-	-	<b>173</b>	<b>123</b>	<b>123</b>
<b>Biennial Total</b>				<b>173</b>		<b>246</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

**Bill Description**

Section 1 of the bill would be codified under Minn. Stat. Ch. 65B related to Automobile Insurance and does not fall under the jurisdiction of the Minnesota Department of Labor and Industry (DLI). As such, this fiscal note bill description will focus on sections 3-4, over which DLI would have enforcement authority. Note that some of the definitions in 65B.472 are referred to in later sections of the bill.

Section 2 of the bill defines terms to be used in later sections and is codified at Minn. Stat. Ch. 181C.01. Terms defined include various definitions cited to in Ch. 65B, as well as definitions of “Driver time periods” needed to understand the remainder of the bill.

There are three exclusive “driver time periods”:

1. Period 1, or “P1” is the time a driver is logged into a TNC application but has not accepted a ride offer.
2. Period 2, or “P2” is the time a driver is proceeding to pick up a rider after choosing to accept a ride offer.
3. Period 3, or “P3” is the time a driver is transporting a rider from a pickup to a drop-off location.

Section 3 of the bill addresses requirements for pay transparency and a written notice of compensation, including the language requirements (plain language in English, Amharic, Arabic, Hmong, Oromo, Somali, and Spanish) and advance notice needed for any changes to the driver’s compensation policy.

At the time of activation of a TNC account and annually thereafter, a TNC must provide to each driver a written notice of compensation that includes the right to legally required minimum compensation (see section 4 of the bill), the frequency and manner of driver pay, the rights and remedies available to a driver for a TNC’s failure to comply with minimum compensation obligations, and drivers’ rights to elect coverage of paid family and medical leave benefits.

TNCs are required to provide drivers with a detailed electronic receipt for each trip that includes:

- The date, pickup, and drop-off locations
- The time and total mileage traveled from pick up to drop-off.
- The time and total mileage traveled for both P2 and P3
- The total fee paid by the rider(s), and
- Total compensation to the driver, with certain items specified.

TNCs are also required to provide drivers with a weekly summary in writing or electronically that includes the total time the driver was logged into the TNC application, the total time and mileage for P2 and P3 segments, the total fees paid by

riders and the total compensation to the driver, including gratuities.

These records are required to be kept for at least three years.

Section 4 of the bill addresses minimum compensation and requires TNC drivers to be paid a specific amount (not yet defined in the bill) for each of the following for trips:

- Per mile and per minute for transportation of a rider, and an additional amount per mile and per minute for transportation of a rider by a driver operating a vehicle that can transport a wheelchair.
- 80% of the cancellation fee if the driver has already departed for the pickup when the cancellation occurs, and
- A minimum of \$5 for any transportation of a rider by a driver

The bill is drafted for different rates to be entered for trips that start outside of the seven-county area, but the minimum amount of payment per trip is still \$5.

TNCs must pay drivers the minimum compensation required over a reasonable earnings period not to exceed 14 days. Payments to drivers are set at a minimum by this bill and TNCs can pay higher levels of compensation.

Gratuities are excluded from any calculation of minimum compensation and are the property of the driver. Gratuities need to be paid to drivers in an earnings period no later than the driver's next scheduled payment.

If a driver's earnings, excluding gratuities, in the earnings period are less than the minimum compensation for an earnings period, the TNC must include an additional sum accounting for the difference in the minimum compensation no later than the next earnings period.

Minimum compensation due to drivers must still be paid even if the TNC does not collect the fares.

Starting January 1, 2026, there is an annual adjustment for the minimum compensation using the same method as the state minimum wage increases.

Section 5 of the bill requires TNCs to maintain a written deactivation policy with procedures for suspension or termination of a driver's ability to receive connection to riders and details the languages and manner of communication a TNC must use. A TNC must provide this policy to drivers upon account activation and annually thereafter. Serious misconduct must be defined in the deactivation policy.

Specific driver actions or behavior that are disallowed as reasons for a deactivation are included, and this section also specifies in what circumstances and in what manner a notice of a deactivation is communicated to a driver, including a process for drivers who were deactivated during a defined time period prior to the enactment of this law. A deactivation appeals process and an independent driver advocacy group to assist in the appeals process are created.

The effective date of this section is August 1, 2024.

Section 6 of the bill addresses private civil action and enforcement.

The commissioner of DLI may issue a compliance order requiring an employer to comply with sections 3 and 4 above.

This section also prohibits retaliation against a driver for either raising a complaint under this chapter or pursuing enactment or enforcement of this chapter. The TNCs also must not give more or less favorable rides to drivers for making public or private comments regarding working conditions and compensation.

Section 7 of the bill states that discrimination against a TNC driver or applicant based on race, national origin, color, creed, religion, sex, disability, sexual orientation, marital status, or gender identity is prohibited. Nothing in this section prohibits providing a reasonable accommodation to a person with a disability, for religious reasons, due to pregnancy or to remedy previous discriminatory behavior.

Section 8 of the bill states that nothing in this chapter prohibits collective bargaining.

Section 9 of the bill states arbitration of disputes under this chapter are not required to be pursued through arbitration, but they can be at the election of the driver.

Section 10 of the bill addresses the ability of a local government to refuse to issue a license or to revoke the license issued to a TNC for a TNC's failure to comply with the requirements of this chapter.

### **Assumptions**

The Minnesota Department of Labor and Industry (DLI) would have enforcement authority over sections 3 and 4 above; these sections establish required compensation notices, assignment notices, daily trip receipts, and a weekly summary for drivers in addition to minimum compensation requirements for drivers. DLI would not have enforcement authority over other sections in the bill.

DLI assumes that it would receive an increase in complaints as a result of this bill. The calculations below assume that Minnesota has approximately 12,000 TNC drivers.

### **REQUIRED NOTICES AND OTHER DOCUMENTATION TO TNC DRIVERS**

DLI received approximately 426 complaints from workers in 2023 related to not receiving, or not receiving sufficient, notices, earnings statements, or other documentation from employers as required by law; therefore, DLI received these complaints from approximately .014% percent of the total worker population. Given that the notice and other documentation requirements under this bill would establish new obligations for current and future TNC companies operating in Minnesota, DLI anticipates that it would receive related complaints from up to 2% of TNC drivers in Minnesota each year; these complaints may come from drivers themselves or from organizations that provide support services to drivers. Applying this percentage to the number of TNC drivers in the state, DLI assumes it would receive approximately 240 notices and other documentation-related complaints under section 3 above from TNC drivers each year. DLI would likely resolve these complaints through its inform and educate process, which takes approximately two hours for each complaint. In total, DLI anticipates it would spend an additional 480 (240 x 2) hours each year receiving and resolving notice and other documentation-related complaints from TNC drivers.

### **MINIMUM COMPENSATION FOR TNC DRIVERS**

DLI received approximately 1,144 complaints from workers in 2023 related to not receiving all compensation due to them as required by law; therefore, DLI received compensation-related complaints from approximately 0.038% percent of the total worker population. Given that the compensation requirements under this bill would establish new obligations for current and future TNC companies operating in Minnesota, DLI anticipates that it would receive related complaints from up to 2% of TNC drivers in Minnesota each year; these complaints may come from drivers themselves or from organizations that provide support services to drivers. Applying this percentage to the number of TNC drivers in the state, DLI assumes it would receive approximately 240 compensation-related complaints under section 4 above from TNC drivers each year. DLI would likely resolve these complaints through its wage claim process, which typically takes approximately three hours for each complaint; however, here, DLI anticipates each complaint would take approximately six hours to resolve to account for additional time DLI may need to review documentation, such as trip receipts and weekly summaries, to resolve the complaint. In total, DLI anticipates it would spend an additional 1,440 (240 x 6) hours each year receiving and resolving compensation-related complaints from TNC drivers.

### **OUTREACH AND EDUCATION**

DLI estimates it would also need approximately 100 hours each year to create, revise, and disseminate outreach and educational materials to reflect the requirements of sections 3 and 4 of this bill as well as to engage and provide education to TNC drivers, organizations that provide support services to drivers, and TNC companies operating in Minnesota. DLI would also require \$50,000 in FY2025 to cover the costs of creating and disseminating outreach and educational materials in numerous languages.

In total, DLI anticipates the following annual fiscal impact as a result of this bill in addition to the one-time \$50,000 in FY2025 for outreach and education costs addressed above:

2,020 hours (480+1,440+100), or 0.97 FTE

**Expenditure and/or Revenue Formula**

Expenditures	2024	2025	2026	2027
Labor Investigator Sr (MAPE 12L)	-	122,830	122,830	122,830
Outreach and Education	-	50,000	-	-
<b>Total Expenditures</b>	-	172,830	122,830	122,830

FTE Count	2024	2025	2026	2027
Labor Investigator Sr (MAPE 12L)	-	0.97	0.97	0.97

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

DLI’s Transportation Network Company Driver Earnings Analysis and Pay Standards Option Report, March 8, 2024 - [https://www.dli.mn.gov/sites/default/files/pdf/TNC\\_driver\\_earnings\\_analysis\\_pay\\_standard\\_options\\_report\\_030824.pdf](https://www.dli.mn.gov/sites/default/files/pdf/TNC_driver_earnings_analysis_pay_standard_options_report_030824.pdf)

DEED’s Current Employment Statistics Data Tool

**Agency Contact:** Jessica Grosz (651-284-5307)

**Agency Fiscal Note Coordinator Signature:** Jacob Gaub

**Phone:** 651-284-5812

**Date:** 4/26/2024 5:52:41 AM

**Email:** jacob.gaub@state.mn.us

**HF4746 - 1E - Transportation Network Company Driver Benefits**

Chief Author: **Hodan Hassan**  
 Committee: **Commerce Finance And Policy**  
 Date Completed: **5/2/2024 3:29:48 PM**  
 Agency: **Attorney General**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Susan Nelson    **Date:** 4/9/2024 11:54:26 AM  
**Phone:** 651-296-6054    **Email:** susan.nelson@lbo.mn.gov



**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

This bill creates a new chapter, Minn. Stat. 181C, for the purposes of regulating transportation network companies (TNCs). Section 3 of the bill (Minn. Stat. 181C.02) requires TNCs to provide notices to TNC drivers related to payment policies, minimum compensation requirements, trip assignments, daily and weekly receipts, and rights and remedies available. Section 4 of the bill (Minn. Stat. 181C.03) sets minimum compensation for TNC drivers. Section 6 of the bill (Minn. Stat. 181C.05) gives the AGO the authority to enforce sections 181C.02 and 181C.03.

**Assumptions**

The Attorney General's Office does not project any defined expenditures, absorbed costs, or revenues from the bill. Investigations of alleged violations of sections 181C.02 or 181C.03 and/or litigation to enforce these provisions would be pursued by the Office's existing attorneys and investigators in the Office's Wage Theft Division.

The Attorney General's Office estimates that it will expend 0 hours of attorney time and 0 hours of legal assistant (investigator/other staff) time per fiscal year.

**Expenditure and/or Revenue Formula**

n/a

**Long-Term Fiscal Considerations**

n/a

**Local Fiscal Impact**

n/a

**References/Sources**

n/a

**Agency Contact:** Laura Sayles

**Agency Fiscal Note Coordinator Signature:** Laura Capuana

**Phone:** 651-402-2213

**Date:** 4/8/2024 4:53:38 PM

**Email:** laura.capuana@ag.state.mn.us



**HF4746 - 1E - Transportation Network Company Driver Benefits**

Chief Author: **Hodan Hassan**  
 Committee: **Commerce Finance And Policy**  
 Date Completed: **5/2/2024 3:29:48 PM**  
 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Karl Palm      **Date:** 4/29/2024 10:28:48 AM  
**Phone:** 651-296-6055      **Email:** karl.palm@lbo.mn.gov

**State Cost (Savings) Calculation Details**

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\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

House File (HF) 4746-1E proposes new requirements for transportation network companies (TNC) operating in Minnesota.

HF 4746-1E requires a TNC to provide insurance that covers a driver in a P2 or P3 status if they are injured while working. This coverage has a minimum requirement of \$1 million in the aggregate to cover medical expenses, disability and income loss benefits, funeral and burial expenses, replacement services benefits, survivor’s economic loss benefits, and survivor’s replacement services loss benefits. The benefits paid may also be reduced if the driver receives payment from other insurance coverage.

HF 4746-1E requires TNCs to provide written notice of minimum compensation levels to drivers and requires that notice disclose the frequency and manner of pay, the rights drivers have if a TNC fails comply with their legally obligated compensation requirements and provide the notice in multiple languages.

HF 4746-1E establishes requirements on how the TNC notifies drivers of a potential ride, including providing the estimated travel time and mileage to pick up the rider, the estimated travel time and mileage of the ride, and the estimated compensation. The bill also requires TNCs to give drivers sufficient time to review the possible ride assignment.

The bill requires the TNC to provide daily trip receipts that detail the location of the trip, the total mileage of the trip, the total fees paid by the rider, the driver’s compensation including gratuity, and any costs and reimbursements charged to the driver. The bill also requires the TNC to provide a weekly summary detailing the total time the driver is logged into the TNC app, the total time and mileage of the rides provided, the total fees paid by riders, and the total compensation to the driver. The TNCs are also required to maintain these records for three years.

HF 4746-1E establishes minimum compensation requirements.

HF 4746-1E establishes deactivation policy and notice requirements, including information on how to appeal the deactivation notice and information stipulating that drivers have the right to contact a driver advocacy group to assist in the appeal process. The policies and notices must be provided in a variety of languages. The bill also allows drivers who received a deactivation notice between January 1, 2021 and August 1, 2024 to seek an appeal.

The bill allows a driver or their beneficiary to bring a civil action seeking redress for violations of a notice and pay transparency, minimum compensation, or deactivation requirements. These actions must be taken within two years of the violation. The bill also states that a TNC must not retaliate against a driver for raising a complaint or pursuing enforcement related to the notice and pay transparency, minimum compensation, or deactivation requirements.

The bill states that a TNC may not discriminate against a driver or applicant due to race, national origin, color, creed, religion, sex, disability, sexual orientation, marital status, or genera identity.

HF 4746-1E stipulates that nothing in this chapter would prohibit collective bargaining.

HF 4746-1E stipulates that drivers are not required to pursue their rights through arbitration.

HF 4746-1E allows for a local unit of government to refuse to allow a TNC to operate in an area for the TNC's failure to comply with provisions included in this bill.

**Assumptions**

Commerce assumes that any associated insurance changes will be in the commercial insurance market and will not be reviewed by the Department.

**Expenditure and/or Revenue Formula**

N/A

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Amy Trumper

**Phone:** 651-539-1517

**Date:** 4/2/2024 11:34:30 AM

**Email:** amy.trumper@state.mn.us

**HF4746 - 1E - Transportation Network Company Driver Benefits**

Chief Author: **Hodan Hassan**  
 Committee: **Commerce Finance And Policy**  
 Date Completed: **5/2/2024 3:29:48 PM**  
 Agency: **Human Rights Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	251	235	235	
<b>Total</b>	-	-	<b>251</b>	<b>235</b>	<b>235</b>	
<b>Biennial Total</b>			<b>251</b>		<b>470</b>	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	2	2	2
<b>Total</b>	-	-	<b>2</b>	<b>2</b>	<b>2</b>

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Karen McKey    **Date:** 4/24/2024 3:09:40 PM  
**Phone:** 651-284-6429    **Email:** karen.mckey@lbo.mn.gov

**State Cost (Savings) Calculation Details**

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Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
General Fund	-	-	251	235	235	
<b>Total</b>	-	-	<b>251</b>	<b>235</b>	<b>235</b>	
<b>Biennial Total</b>			<b>251</b>		<b>470</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	251	235	235	
<b>Total</b>	-	-	<b>251</b>	<b>235</b>	<b>235</b>	
<b>Biennial Total</b>			<b>251</b>		<b>470</b>	
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	
<b>Total</b>	-	-	-	-	-	
<b>Biennial Total</b>			-		-	

**Bill Description**

Transportation network companies regulated, civil cause of action provided, and criminal penalties imposed.

**Assumptions**

- This bill would increase the number of charges filed with the Department by expanding MHRA protections to contract TNC drivers and prospective drivers who applied to be TNC contract drivers.
- According to the Department of Labor and Industry study entitled *Transportation Network Company Driver Earnings Analysis and Pay Standard Options*
  - o 95% of TMC rides occur in the seven-county Metro area.
  - o There are approximately 12,000 drivers in the seven-county Metro.
  - o According to the DLI survey, 91% of drivers identify as men, 61% identify as “foreign-born”, and 60% identify as Black.
- While MDHR cannot definitively project how many drivers or applicants will file complaints of discrimination with MDHR, even a small fraction of these would require additional capacity within MDHR.
- MDHR estimates that this new area of enforcement will result in *at least* 50 new cases annually.
- Due to the lack of relevant data, MDHR is unable to confidently predict the number of expected violations or the projected revenue from the fines imposed by the finding of violations.
- Over the agency’s last 4 reporting periods, MDHR had an average of 14 investigators carrying an average caseload of 47 cases.

**Expenditure and/or Revenue Formula**

Staffing:

- The Department would hire 1 FTE investigator (\$75,000 annual salary) for the increased workload resulting from the new area of protection. This investigator would specialize in this new area of the law. Furthermore, they would carry the caseload associated with the anticipated influx of charges filed after the effective date of this new law.

- The Department would also hire a 0.5 FTE Associate General Counsel (\$80,000 annual salary) to deal with the novel legal issues involved with these expanded MHRA protections for contract drivers. This provision would provide technical assistance internally and externally, as well as provide internal and external training. As with all determinations issued by MDHR, this position will provide final legal review of all investigations associated with enforcing this new law before the determination is finalized. Additionally, this position will help train MDHR staff and help with external education by drafting educational materials to bolster public awareness around the new requirements associated with this change.

- Administrative Support 0.5 FTE Administrative Support position (\$55,000 annual salary) to deal with charge processing, database support, and coordinating areas for additional training.

Revenue:

- As this bill would extend previously limited Minnesota Human Rights Act protections to TNC drivers and applicants, it is challenging to try to anticipate what possible general fund revenue from fines will accrue. Additionally, due to the fact that approximately 70% of charges filed with the agency are either dismissed for lack of merit or are result in a no probable cause determination, the revenue resulting from this change is unlikely to be substantial.

FY	2025	2026	2027	2028
Staff Salary Costs: -1 Investigators -0.5 Assistant General Counsel -0.5 Administrative Assistant	\$142,500	\$142,500	\$142,500	\$142,500
Fringe Costs: FICA, Retirement, Insurance, Medicare	\$77,255.50	\$80,075.50	\$80,075.50	\$80,075.50
Staff Costs (Non-Salary)	\$31,197.00	\$12,597.00	\$12,597.00	\$12,597.00
<b>Total:</b>	<b>\$250,952.50</b>	<b>\$235,175.50</b>	<b>\$235,175.50</b>	<b>\$235,175.50</b>

The increase year-to-year in the Fringe Costs represents the anticipated increase in the cost of insurance per position:

- **FY25 - \$28,724 FY26-27 - \$30,134**

The non-salary/fringe “staff costs” shown in the table represent includes the recurring cost of rent for office space, IT support,

softphone services, as well as one-time purchases in FY25 for equipment, office furniture, and assorted supplies.

- \*(3) Supplies (office supplies, chairs, etc.) - \$1,200/position
- (2) IT Admin Costs (\$35/month per FTE)
- (2) IT Desktop Support (\$135/month per FTE)
- (2) Phone (\$23/month per FTE)
- Rent (\$26.55/sq ft - FY24-FY27) 300 sq ft
- \*(2) 6'x8' workstation - \$7,500/position



\* one-time costs

### **Long-Term Fiscal Considerations**

It is very possible that the total number of charges filed with MDHR relating to this specific area of the law will decrease as case precedent is established and the public becomes more aware of these new requirements under the law.

### **Local Fiscal Impact**

### **References/Sources**

- MDHR's 6-month reports on investigative activities.
- *DLI Transportation Network Company Driver Earnings Analysis and Pay Standard Options*

**Agency Contact:** Nico Bauer (651-283-7068)

**Agency Fiscal Note Coordinator Signature:** Taylor Putz

**Phone:** 651-539-1110

**Date:** 4/24/2024 2:07:27 PM

**Email:** taylor.putz@state.mn.us

**HF4746 - 1E - Transportation Network Company Driver Benefits**

Chief Author: **Hodan Hassan**  
 Committee: **Commerce Finance And Policy**  
 Date Completed: **5/2/2024 3:29:48 PM**  
 Agency: **Supreme Court**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Karen McKey    **Date:** 5/2/2024 10:28:42 AM  
**Phone:** 651-284-6429    **Email:** karen.mckey@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-

**Bill Description**

The bill makes changes to Minn. Stat. § 65B.472 (Transportation Network Financial Responsibility) by altering the responsibilities of Transportation Network Companies (TNCs) with respect to providing automobile insurance for TNC drivers. The bill sets minimum insurance standards for the different driver time period segments.

The bill creates a new chapter in Minnesota law, 181C, which defines a number of terms pertaining to TNCs and TNC drivers and establishes various regulations pertaining to TNCs. The bill requires TNCs to provide notices regarding compensation and trip assignments, along with daily trip receipts and weekly summaries, to TNC drivers. The bill sets minimum compensation standards. The bill also: establishes standards regarding deactivation of drivers; prohibits discrimination and retaliation; allows collective bargaining; and prohibits forced arbitration.

The bill creates a private civil action that can be filed directly in district court.

**Assumptions**

It is assumed that civil case filings will increase because the bill creates a new civil cause of action that may be filed in district court. It is assumed that the amount of time needed for such cases will be similar to the amount of time needed for other civil employment cases.

**Expenditure and/or Revenue Formula**

Based on five years of judicial branch data (2019-2023), there is a statewide average of 365 civil employment cases filed each year.

Based on judicial branch data used to estimate the amount of judge and staff time needed to handle various types of cases, a 20% increase in employment cases (73 additional cases per year) would require an additional 36,719 minutes of judge time per year and an additional 19,126 minutes of staff time per year. An additional 73 employment cases statewide per year would not require an additional judge or staff FTE. (A judge year is calculated as 78,000 minutes; a staff year is calculated as 74,830 minutes.)

This bill is not anticipated to have a significant fiscal impact to the judicial branch.

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Callie Lehman

**Phone:** 651-297-7579

**Date:** 5/2/2024 8:36:20 AM

**Email:** callie.lehman@courts.state.mn.us