

TO: Colorado House Business Affairs & Labor Committee

Dear Chair and Committee Members,

My name is Diana Petrak. As Colorado Policy Pathways I primarily defend the small business workplace and the freedom to earn income as a self-employed individual. I am in opposition to SB075 for the reasons stated below.

The proposed bill in its entirety adds a comprehensive regulatory infrastructure to Colorado's Wage Act under the authority of CDLE, Colorado's Department of Labor and Employment.

It is critical to consider that the PUC, the Public Utilities Commission under the Department of Regulatory Affairs, has been the regulatory home for this relationship between companies and drivers since 2014 with the passage of [SB14-125](#). The PUC provisions include concerns for public safety, deactivations, and discrimination toward riders by drivers.

A question remains:

Could the most compelling contractual concerns for this relationship be addressed incrementally in the PUC without threatening what self-employed drivers value about the income opportunity made possible by Transportation Network Companies?

[According to a 2023 report published by the Common Sense Institute](#), supported by 2022 company data from just four companies, close to a quarter million driver-users in Colorado derive income from these open-door markets in transportation.

Many drivers rely on TNC platforms to supplement income from other occupations, support retirement, care for ill or disabled loved ones, or as students building their careers. A great deal of data suggests that most of these drivers do not rely on the apps to replace a full-time income.

Access to the unique cloud-based income opportunity comes from the brilliance of this Transportation Network model. There is no conventional employer. Anyone with a vehicle and a smartphone who can fill basic PUC public safety requirements can hop on and off at will. It is a take-it-or-leave-it opportunity, but it enjoys widespread popularity. There are ample job openings with government employment protections that could provide more predictable income.

The assumption that companies, under the extraordinary weight of this new framework, will still be able to offer drivers voluntary access without having to sign up for shifts in advance is a big gamble. Already there are reports of this constraint emerging.

The assumption that new companies and opportunities to adapt this innovative technology to other societal needs can still emerge under the constraints of SB075 is a big gamble.

A significant amendment, [L.002](#), was introduced in Senate Appropriations on April 23rd, 11 days before the session was to conclude.

The amended Senate Bill adds provisions that authorize the Division to contract with a driver support organization, defined as a membership-based and member-led nonprofit or labor organization. It is tasked with educating and representing drivers through a deactivation or deactivation appeals process.

Funding relies on a contribution by TNCs based on their share of transportation tasks from the previous year, not to exceed \$ 0.07 per task. This leaves TNCs with the dilemma of depleting driver pay rates or passing the fee through to riders. With all the additional costs of compliance, the risks of SB075 are high for both drivers and riders.

The selected organization is authorized to collect dues from drivers on a per-trip basis in an amount of between 1.5% or 3% per ride. TNCs will remit dues deducted from driver pay to the organization. The bill includes provisions to make these conditions voluntary but presents an unclear risk to transparency for drivers. The driver's authorization to collect the dues requires an express authorization and revocation. 8-4-126(7) deserves closer review if authorizations and revocations are intended to be expressed solely in writing.

The bulk of notifications and new rules as a result of SB075 will be challenging for drivers to digest and follow, especially if they are occasional driver-users.

While proponents have the interests of workers who seek guaranteed income and protections in mind, provisions in the wage act will blur the lines between independent contractors and employees to secure Division protections. It is not clear that the quarter million drivers across the state welcome the risks of a shifting classification and all that follows.

In addition, the precedent set by both HB1129 and SB075 could impact the choice of the self-employed in occupations across the economy to earn income as independent contractors.

Passing these bills that micromanage the industry and mandate onerous terms with limited consideration is a poor policy practice, especially considering the broader concerns that go beyond this targeted industry.

Given so much at stake, it is doubtful that SB075 will ultimately support the welfare of workers in Colorado.

House Business Affairs & Labor
 05/01/2024 Upon Adjournment
 SB24-075 Transportation Network Company Transparency
 Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
<p>Sophie Mariam For Colorado Fiscal Institute</p>	<p>Madame Chair and Members of the Committee,</p> <p>My name is Sophie Mariam and I am a labor policy analyst at the Colorado Fiscal Institute.</p> <p>I am here to testify in support of SB 75, Transportation Network Company Transparency. Many drivers for TNC platforms such as Uber and Lyft struggle to make ends meet for their families and plan their finances because Big Gig companies provide no transparency or accountability for workers or consumers. These companies claim to be exceptions to the rules for every other labor market due to their flexible workforce model, but Colorado drivers deserve basic accountability and earnings transparency.</p> <p>While platforms like Uber and Lyft promise drivers high pay, a recent CFI study found that Denver drivers make an average wage of just over \$10.50 an hour once we account for the out-of-pocket expenses like gas and car maintenance, and uncompensated working time when drivers head to the next gig, or “deadheading time.” This is less than the local and state minimum wage, not to mention it falls woefully short for a family to achieve economic self-sufficiency.</p> <p>Earnings transparency matters for workers struggling to make ends meet- 6 in 10 drive to support a child or adult at home. Drivers receive just under 80% of their weekly income from app-based work on average, and work a median of 38 hours a week. Drivers are reliant on this income, including tips, to make ends meet- 2022 data showed that over one-fifth of the typical Denver driver’s income came from tips.</p> <p>And what’s more, drivers are at risk of losing their livelihood at any moment due to the lack of transparency on app deactivations, and this disproportionately harms drivers of color, who make up the majority of this workforce. 2022 data indicated that 15% of Denver drivers report being deactivated and over 1 in 5 Denver drivers reported being discriminated against on the basis of their identity.</p> <p>We must preserve dignity, safety, and accountability for workers and consumers, which requires that the gig economy must be subject to the same basic rules of the game as every other industry.</p> <p>Thank you for your attention. Please vote “Yes” on SB 75.</p>