



1212 New York Ave. N.W.
Suite 900
Washington, D.C. 20005
202.525.5717

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Testimony from:

Nicolas John, Northeast Region Director, the R Street Institute
&
Jarrett Dieterle, Director of Commercial Freedom and Senior Fellow, the R Street Institute

In **OPPOSITION** to S.B. 989, “An Act Concerning Basic Labor Standards For Transportation Network Company Drivers”

March 7, 2019

Joint Committee on Labor and Public Employees

Chairman and members of the committee:

Thank you for considering our testimony. The R Street Institute is a nonprofit, nonpartisan public policy research organization. Our mission is to engage in policy research and outreach to promote free markets and limited, effective government in many areas, including the regulation of transportation network companies (TNCs), which is why we are submitting this testimony on S.B. 989.

S.B. 989 would mandate that TNC drivers receive at least 75 percent of the fare collected from each ride and cap the portion of fares that TNCs can receive at 25 percent of the total. Regardless of the motivations behind this bill, it is clear that its enactment would have deleterious effects on riders, drivers and TNCs alike. Setting stringent requirements and caps on the distribution of rider fares undermines the dynamic pricing model that allows TNCs to respond to rider demand in a real-time, transparent manner. Current TNC pricing models account for factors like upfront pricing and personal liability insurance coverage for passengers, both of which could be impacted by imposition of the strict cap contemplated under S.B. 989. The result could be higher costs for drivers and riders, leading to less access to ridesharing services in Connecticut.

In addition to the disruption this legislation could cause, it also raises concerning public policy and governance issues. Although many industries use independent contracting models, S.B. 989 singles out TNCs without any articulated reason for doing so. Longtime contracting sectors such as real estate agents, insurance agents, construction workers, janitors and freelance journalists do not face these types regulations on fares and earnings, nor have there been any proposals to impose them. Likewise, no other state has proposed or enacted legislation similar to S.B. 989, further underscoring the incongruousness of the legislation.

For years, the R Street Institute has taken a leading role in the conversation surrounding worker classification issues and the future of work. Our team has partnered with groups across the ideological spectrum, including representatives of organized labor, to consider options like portable benefits packages and a new type of flexible worker status. While we firmly believe that it is vital for such discussions to continue in the face of an evolving and innovative labor market, S.B. 989 fails to address these issues in an effective or appropriate manner.

Ultimately, a robust ridesharing market is beneficial for Connecticut residents and riders. Commuters in the state often depend on TNCs to provide a reliable alternative to the tri-state region's struggling public transportation system. Residents also use ridesharing to secure rides to and from airports and train stations, to ensure elderly family members are able to attend medical appointments and as a safe means to get home after a night at the bar. Ultimately, S.B. 989 would hinder a worthwhile service on which many state residents rely.

Thank you for your time and consideration, and please do not hesitate to contact us if we can be of further assistance.

Respectfully submitted,

Nicolas John
Northeast Region Director
R Street Institute
(617) 275-3664
njohn@rstreet.org

C. Jarrett Dieterle
Director of Commercial Freedom
R Street Institute
(202) 525-5717
jdieterle@rstreet.org