

# TNC statutes and regulations in other states and municipalities

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# Presentation overview

1. Review TNC statutes and regulations enacted in:
  - New York City
  - Seattle
  - State of Washington
2. Explain driver minimum pay standard used in each jurisdiction
3. Identify other relevant regulations

# New York City – Brief history

- In 2018, NYC Taxi and Limousine Commission commissioned study of proposed minimum pay standard and for-hire vehicle industry.
- In August 2018, mayor signed law directing Commission to set minimum pay standard.
- In December 2018, Commission adopted rules setting a minimum per trip payment standard for high-volume, for-hire drivers accounting for take-home pay and expenses.
- In March 2023, Commission promulgated rules amending the per mile rate, or expense component of the minimum pay standard.

# New York City – Driver minimum pay standard

NYC's regulations establish a **per trip** minimum driver pay standard. The standard has three main components:

1. Per minute rate – based on minimum \$15 hourly rate for independent contractors, adding paid time off and employer share of payroll tax
2. Per mile rate – based on typical driver's expenses such as vehicle, fuel, maintenance, and insurance
3. Utilization rate – percentage of time driver spends transporting passengers compared with total time waiting for a dispatch, driving to pick-up location, and transporting

# New York City – Driver minimum pay standard

The driver pay standard incorporates these components in a per-trip formula:

- Per minute rate multiplied by total trip minutes
- Per mile rate multiplied by total trip miles
- Each figure is divided by the utilization rate and then totaled

$$\text{Per Trip Driver Pay} = \left( \frac{\$0.631 \times \text{Trip Miles}}{\text{Company Utilization Rate}} \right) + \left( \frac{\$0.287 \times \text{Trip Minutes}}{\text{Company Utilization Rate}} \right)$$

# New York City – Driver minimum pay standard

## Adjusted trip rates

- Wheelchair accessible vehicles (WAVs) to account for higher vehicle expenses
- Trips originating in NYC but ending outside city to account for fareless travel back to city
- The per minute and per mile rates adjust annually as indexed to inflation.

## March 2023 rates

- Per minute rate: \$0.564 | \$0.652 (out-of-town)
- Per mile rate: \$1.313 (standard) | \$1.702 (WAV) | \$1.523 (out-of-town) | \$1.975 (out-of-town WAV)
- Utilization rate: 58%

# Seattle – Brief history

- In Nov. 2019, Seattle commissioned study of TNC industry and driver pay to inform the design of a minimum driver compensation standard.
- The same month, mayor signed the TNC Driver Deactivation Rights Ordinance, in effect July 1, 2021, through Dec. 31, 2022.
- In October 2020, mayor signed the TNC Minimum Compensation Ordinance, in effect Jan. 1, 2021, through Dec. 31, 2022.
- Both ordinances superseded by state legislation beginning on Jan. 1, 2023.

# Seattle – Driver minimum pay standard

Like NYC, Seattle set a per trip minimum driver pay standard with similar components:

1. Per minute rate – based on hourly minimum wage equivalent
2. Per mile rate – based on typical driver's expenses such as vehicle, fuel, maintenance, insurance, rest breaks, taxes, cell phone service plans, and other
3. Passenger utilization rate (time) – percentage of time driver spends transporting passengers relative to total time waiting for a dispatch, driving to pick-up location, and transporting
4. Passenger utilization rate (miles) – percentage of miles driven transporting passengers relative to total miles driven waiting for dispatch, driving to pick-up location, and transporting

The standard required pay the greater of the above **or** \$5 per trip (for canceled trips).



# Seattle – Driver minimum pay standard

The pay standard incorporated these components in a per-trip formula:

- Per minute rate multiplied by total trip minutes with passenger
- Per mile rate multiplied by total trip miles with passenger
- Each amount is divided by the applicable utilization rate and then totaled

$$\left( \frac{\text{Per minute rate} \times \text{Passenger Platform Time Minutes}}{\text{Passenger Platform Time Utilization Rate}} \right) + \left( \frac{\text{Per mile rate} \times \text{Passenger Platform Time Miles}}{\text{Passenger Mileage Utilization Rate}} \right) = \text{Minimum Payment Per Trip}$$

# Seattle – Driver minimum pay standard

## Adjusted trip rates

- Trips originating within the city applied the minimum pay standard to all travel regardless of drop-off location. Trips originating outside the city applied the standard only for minutes and mileage within the city limits.
- Unlike NYC, Seattle did not enact different rates for WAVs.
- The per minute and per mile rates adjust annually indexed to inflation.

## Final rates

- Per minute amount\*: \$0.59
- Per mile amount\*: \$1.38

*\*minute/mile rate divided by applicable utilization rate*

# Seattle – Driver Deactivation Rights Ordinance

- Enacted in Nov. 2019, but delayed due to COVID-19 pandemic.
- Established procedural rights for drivers subject to temporary or permanent deactivation, including fair notice, reasonable rule, fair investigation, consistent application, and proportionate penalty.
- Established driver rights to challenge deactivation, with special provisions to address allegations of sexual, violent, discriminatory, or threatening misconduct.
- Created neutral arbitration procedure for hearing and deciding challenges.

# State of Washington – Brief history

- In March 2022, the legislature enacted, and the governor signed, HB 2076, establishing statewide rights and regulations for TNC drivers and companies.
- The law establishes standards for minimum driver compensation, paid sick time, workers' compensation coverage, and driver deactivation appeals.
- Most provisions went into effect on Jan. 1, 2023.
- The legislation also directed the formation of a workgroup of stakeholders to study the application of unemployment insurance, paid family medical leave, and long-term care laws to TNC drivers.

# State of Washington – Driver minimum pay standard

The state set a per trip minimum driver pay standard in which drivers receive the greater of a flat fee per dispatched trip (canceled trips) or the following:

1. Per minute rate while transporting passengers

**PLUS**

2. Per mile rate while transporting passengers

The rates are multiplied by minutes and miles spent transporting passengers.

The standard does not use a utilization rate to factor the time spent waiting for dispatch or traveling to pick-up location.

# State of Washington – Driver minimum pay standard

## Adjusted trip rates

- Trips originating in cities with population of more than 600,000 (i.e., Seattle) apply higher per minute and per mile rates. Trips originating outside of such cities apply the higher rates only for any minutes and mileage traveled within the city limits.
- The State did not enact higher rates for WAVs.
- The per minute and per mile rates are adjusted annually by the state.

## 2023 rates

- Per minute rate: \$0.37 | \$0.64 (pop. > 600,000)
- Per mile rate: \$1.27 | \$1.50 (pop. > 600,000)
- Minimum dispatch fee: \$3.26 | \$5.62 (pop. > 600,000)

# State of Washington – Other provisions

- Paid sick time – drivers earn 1 hour for every 40 hrs transporting passengers
- TNCs must pay all tips to drivers, which cannot be used to satisfy minimum pay standard; pay deductions authorized only in certain circumstances
- Anti-retaliation provision to protect drivers' exercise of their rights
- TNCs must provide drivers per-trip receipt within 24 hours showing details on transport time, mileage, rate per minute, rate per mile, tips, etc.
- Establishes neutral dispute resolution process for deactivations in which driver receives notice and right to representation to appeal to driver resource center

# State of Washington – Workers' compensation

- TNCs must pay for and provide workers' compensation coverage to drivers
- Drivers are covered only while driving to pick-up location and while transporting passengers
- Drivers injured while engaging in covered work may receive medical care, partial wage replacement, return-to-work assistance, and other payments
- The State of Washington administers workers' compensation claims



# Sources

## New York City

- <https://www.nyc.gov/site/tlc/about/driver-pay-rates.page> (2023 Pay Rates)
- <https://www.nyc.gov/site/tlc/businesses/high-volume-for-hire-services.page> (Info Page)
- <https://rules.cityofnewyork.us/rule/minimum-driver-payment-for-high-volume-for-hire-services/> (2023 Rules)

## Seattle

- [https://library.municode.com/wa/seattle/codes/municipal\\_code?nodeId=TIT14HURI\\_CH14.33TRNECODRMICO](https://library.municode.com/wa/seattle/codes/municipal_code?nodeId=TIT14HURI_CH14.33TRNECODRMICO) (TNC Driver Minimum Compensation Ordinance)
- [https://library.municode.com/wa/seattle/codes/municipal\\_code?nodeId=TIT14HURI\\_CH14.32TRNECODRDERI](https://library.municode.com/wa/seattle/codes/municipal_code?nodeId=TIT14HURI_CH14.32TRNECODRDERI) (TNC Driver Deactivation Rights Ordinance)
- [https://www.seattle.gov/laborstandards/ordinances/tnc-legislation/minimum-compensation-ordinance?utm\\_medium=email&utm\\_source=govdelivery](https://www.seattle.gov/laborstandards/ordinances/tnc-legislation/minimum-compensation-ordinance?utm_medium=email&utm_source=govdelivery) (Info Page)

## State of Washington

- <https://lawfilesexternal.wa.gov/biennium/2021-22/Pdf/Bills/Session Laws/House/2076-S.SL.pdf> (HB 2076)
- [https://lni.wa.gov/workers-rights/workplace-policies/transportation-network-company-drivers-rights/?utm\\_medium=email&utm\\_source=govdelivery](https://lni.wa.gov/workers-rights/workplace-policies/transportation-network-company-drivers-rights/?utm_medium=email&utm_source=govdelivery) (TNC Drivers' Rights)
- <https://lni.wa.gov/workers-rights/docs/Notice%20of%20Rights-English.pdf> (TNC Notice of Drivers Rights)
- <https://lni.wa.gov/workers-rights/workplace-policies/transportation-network-company-drivers-rights/workers-compensation> (TNC Workers' Compensation Info Page)
- <https://media.esd.wa.gov/esdwa/Default/ESDWAGOV/newsroom/Legislative-resources/esd-tnc-report-2022.pdf> (TNC Legislative Report, 2022)

# Thank you

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## Slide deck available at:

- <https://www.dli.mn.gov/about-department/boards-and-councils/governors-committee-compensation-wellbeing-and-fair-treatment>