

## SUMMARY and FISCAL NOTE\*

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
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*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

### **1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to transportation network company driver labor standards; establishing minimum labor and compensation standards for transportation network company drivers; establishing provision of or reimbursement for personal protective equipment to transportation network company drivers during the civil emergency declared on March 3, 2020; establishing notice, posting, and data requirements for transportation network companies; prescribing remedies and enforcement procedures; amending Section 3.15.000 of the Seattle Municipal Code; amending the title of Chapter 14.31 and Sections 6.208.020 and 14.31.010 of the Seattle Municipal Code; and adding a new Chapter 14.33 to the Seattle Municipal Code.

**Summary and background of the Legislation:** The ordinance takes effect on January 1, 2021. The ordinance establishes minimum labor standards as well as notice and posting requirements for Transportation Network Company (TNC) drivers. The key components of the legislation are:

1. **Establishment of minimum compensation standards for TNC drivers.** TNCs must compensate TNC drivers at a minimum per minute and per mile rate for each minute of time and each mile travelled while transporting a passenger (termed “passenger platform time” in the ordinance).
  - a. The per minute rate is based on the per minute equivalent of the minimum wage for Schedule 1 employers under Seattle Municipal Code Chapter 14.19, but is scaled up to compensate drivers for time they spend without a passenger in the car.
  - b. The per mile rate is based on the reasonable expenses drivers incur while providing TNC services and is also scaled up to compensate drivers for the miles they travel without a passenger in the car.
  - c. The OLS Director has authority to adjust the scale up factor based on the proportion of time TNC drivers spend without a passenger.
2. **Protection from unlawful deductions.** A TNC may only deduct compensation when the TNC driver authorizes the deduction in writing and does so for a lawful purpose for the benefit of the TNC driver. A TNC may not derive financial benefit from deductions.
3. **Tip Protection.** TNCs must pay all customer tips to drivers. Tips may not count towards the minimum payment or expense requirements of the ordinance.
4. **Provision of personal protective equipment and disinfecting supplies.** During the COVID-19 civil emergency, covered TNCs must supply drivers with, or reimburse drivers for, a reasonable amount of personal protective equipment and disinfecting supplies.

5. **Notice and Posting.** TNCs must provide the following notices to drivers or passengers:
  - a. Notice of rights afforded under the ordinance;
  - b. Per-trip receipts, including time and mileage records for passenger platform time; total compensation; tip compensation; deductions;
  - c. Weekly pay statements, including total time and mileage records for passenger platform time; total compensation; total tip compensation; deductions; and
  - d. Passenger receipts, including: date/time of trip; pickup/drop-off locations; duration and distance of trip; driver first name; total fare paid; the standard per mile and per minute rate.
6. **Recordkeeping.** TNCs must maintain records necessary for OLS enforcement for a period of three years.
7. **OLS Enforcement and Outreach.** The legislation provides authority to OLS to provide rulemaking, outreach and enforcement related to the new labor standards.

## 2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? \_\_\_ Yes  No

## 3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? \_\_\_ Yes  No

**Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

Yes. The legislation creates new labor standards for TNC drivers. The legislation provides authority to the Office of Labor Standards (OLS) to provide rulemaking, outreach/education and enforcement related to the new labor standards.

The City Budget Office has indicated OLS' existing base budget appropriations and staffing levels are insufficient to do the work outlined in the legislation. Therefore, CBO estimates that OLS will need up to \$505,546 in ongoing annual appropriations to support up to four new positions and \$45,000 in one-time appropriations to support initial implementation activities, including translation and interpretation services and other rulemaking costs and activities, external counsel legal fees, and outreach, communication, and educational activities for the initial outreach to those impacted by the ordinance.

This work will be supported by revenue generated by collection of the tax set forth in Seattle Municipal Code 5.39.

**Is there financial cost or other impacts of *not* implementing the legislation?**

There are no financial costs to the City of not implementing the legislation.

#### 4. OTHER IMPLICATIONS

- a. **Does this legislation affect any departments besides the originating department?**  
No.
- b. **Is a public hearing required for this legislation?**  
No.
- c. **Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**  
No.
- d. **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**  
No.
- e. **Does this legislation affect a piece of property?**  
No.
- f. **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

This ordinance establishes minimum labor standards for TNC drivers. TNCs classify these drivers as independent contractors and represent that they are exempt from existing minimum labor standards established by federal, state, and local law. In 2019, the King County Department of Licensing issued 33,058 TNC driver permits. A large number of those drivers are immigrants and people of color—72 and 73 percent, respectively—who have taken on debt or invested their savings to purchase and/or lease vehicles to provide TNC services. Additionally, these drivers often lack basic information regarding the potential earnings and expenses associated with driving for a TNC. A 2019 Georgetown University Study titled *The Uber Workplace in D.C.* found that “100% of drivers experienced difficulties with, or barriers to, calculating their actual compensation.” This ordinance would guarantee drivers minimum compensation that is the equivalent to Seattle’s Schedule 1 Minimum Wage (SMC 14.19) plus compensation for reasonable expenses, as well as provide workers with clear information regarding earnings and trip details.

The ordinance requires TNCs to provide a notice of rights to TNC drivers in “English and any language that the TNC knows or has reason to know is the primary language of the TNC driver.” By requiring this notice be provided by the companies, this legislation ensures that the companies play an active role in making their workplaces accessible. Contingent upon funding and capacity, OLS would support making sample language available for the companies.

Contingent upon sufficient funding, OLS also intends to make its educational materials available in multiple languages translated. OLS has extensive experience developing

materials in other languages and working with community partners to ensure that translations are appropriate for the particular demographic groups in impacted communities. OLS intends to provide translations based on the specific demographics of the TNC driver community, as established through available data and consultation with driver and community-based organizations, as well as information and best practices made available by the Office of Immigrant and Refugee Affairs.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

This legislation will be the 16th local labor standard that OLS will provide education and outreach on and implement and enforce. The same metrics OLS uses for other local labor laws should apply here (e.g., number of inquiries, number of complaints, case completion time).

Education, outreach and enforcement will be key to the effectiveness of providing TNCs with information on their responsibilities, TNC drivers on their rights, and compliance with required legal protections and benefits.

**List attachments/exhibits below:**