

## SUMMARY and FISCAL NOTE\*

<b>Department:</b>	<b>Dept. Contact:</b>	<b>CBO Contact:</b>
Legislative Department	Karina Bull/206-715-2460	n/a

*\* 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 app-based workers in Seattle; establishing labor standards requirements for paid sick and paid safe time for app-based workers working in Seattle; adding a new Chapter 8.39 to the Seattle Municipal Code; and amending Section 3.02.125 of the Seattle Municipal Code.

**Summary and Background of the Legislation:** In summer 2020, the City of Seattle (City) enacted the PSST for Gig Workers Ordinance ([Ordinance 126091](#)), a labor standard establishing temporary protections for food delivery network company workers and transportation network company (TNC) drivers during the COVID-19 emergency. Since the nature of delivery and transportation services provided by these workers could involve close contact with the public, they were at risk of catching or spreading COVID-19 and other illnesses. However, unlike employees covered by the Paid Sick and Safe Time Ordinance ([Seattle Municipal Code 14.16](#)), these workers did not have a right to paid leave to stay home when sick because network companies hired them as independent contractors.

The PSST for Gig Workers Ordinance established a temporary right for food delivery network company workers and TNC drivers to accrue and use PSST (i.e., paid leave to care for their personal or family member's health conditions and safety needs) and tasked the Office of Labor Standards (OLS) with implementation and enforcement. For TNCs, these requirements ended on January 1, 2023, when a statewide paid sick leave system established by [Engrossed Substitute House Bill \(ESHB\) 2076](#) took effect and (with certain exceptions) preempted the City from regulating the field of TNCs and drivers. For food delivery network company workers, these requirements will end on April 30, 2023.

This legislation would establish a permanent right to PSST for food delivery network company workers and other app-based workers providing services in whole or part in Seattle for network companies. The legislation would largely adopt the framework of the PSST for Gig Workers Ordinance, with a substantive change in coverage and a handful of other changes to improve clarity, align with other labor standards, and facilitate implementation of permanent requirements.

Coverage would expand from food delivery network companies under the PSST for Gig Workers Ordinance to all network companies covered by the App-Based Workers Minimum Payment Ordinance ([Ordinance 126595](#)). To prevent disruption of temporary benefits, the legislation would become effective for food delivery network companies on May 1, 2023, and for other covered network companies on January 13, 2024 (i.e., the effective date of the App-Based Worker Minimum Payment Ordinance).

OLS would implement and enforce these requirements and aggrieved parties would have a private right of action. As with the City’s other labor standards, OLS would be required to commence any investigation within three years of the alleged violation and could order penalties, fines, and unpaid compensation for violations.

**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. This legislation would establish an implementation and enforcement role for OLS.

To implement and enforce the legislation, OLS estimates \$115,000 in 2023 costs and \$148,000 in ongoing annual costs. Costs in 2023 would cover \$46,000 for initial implementation activities (e.g., creation of model notice of rights and educational documents, translation and interpretation services, rulemaking, outreach, communication campaigns) and \$69,000 for six months of salary for 1.0 FTE Senior Investigator position. On-going annual costs would cover the full year salary for 1.0 FTE Senior Investigator and a reduced scope of outreach. See Attachment B for a budget chart listing OLS’s estimated implementation costs.

**Are there financial costs or other impacts of *not* implementing the legislation?**

This legislation would establish rights for app-based workers to access paid leave if they are not able to work due to health or safety reasons. There are no financial costs to the City of not implementing the legislation. However, not implementing this legislation could impact the public health, safety and welfare of the community because workers without access to PSST are more likely to work while sick and to miss opportunities to care for their personal and family member’s health or safety needs.

#### 4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**  
Yes. OLS would implement and enforce this legislation. The Hearing Examiner would conduct hearings on appeals from respondents and aggrieved parties. There also could be an undetermined number of legal referrals to the City Attorney.
- b. Is a public hearing required for this legislation?**  
No.
- c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**  
No.
- d. Does this legislation affect a piece of property?**  
No.
- e. 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?**  
The Race and Social Justice Initiative (RSJI) is the City’s commitment to eliminating racial disparities and achieving racial equity in Seattle. This legislation is intended to change the underlying system that creates race-based disparities in our community by establishing a right for app-based workers to accrue and use paid leave to stay home and take care of themselves and family members for health and safety reasons. Providing access to paid leave is intended to support recovery from illness, reduce the spread of illness, and enhance financial and health outcomes for workers, their families, and the community.

A 2021 Pew Research Center study found that 16 percent of American adults earned money from app-based work and the rates were higher for those who Black, Indigenous, and other People of Color (BIPOC).<sup>1</sup> While most surveyed workers (68 percent) reported that app-based work was a side job, 31 percent reported that app-based work was their main job during the past year. Surveyed workers also reported being very (15 percent) or somewhat (36 percent) concerned about contracting a contagious illness (e.g., COVID-19) on the job, with BIPOC workers (59 percent) reporting being at least somewhat concerned compared to white workers (38 percent).<sup>2</sup>

Given that workers may need to miss days of work for health and safety reasons on an ongoing basis (regardless of COVID-19 risks), establishing a permanent right to PSST could provide an important benefit for app-based workers who would otherwise receive no paid leave. This benefit could especially impact BIPOC workers. Black and Latinx workers are

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<sup>1</sup> Anderson, Monica; McClain, Colleen; Faverio, Michelle; Gelles-Watnick, Risa. [The State of Gig Work in 2021](#). Pew Research Center, December 2021.

<sup>2</sup> *Id.*

overrepresented in the app-based industry, comprising almost 42 percent of app-based workers but less than 29 percent of the overall labor force.<sup>3</sup>

Regarding language access, this legislation would authorize OLS to create and distribute a model “notice of rights” in English and other languages.

**f. Climate Change Implications**

**1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**

No.

**2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle’s resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

No.

**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)?**

OLS could publicly share information on outreach and enforcement efforts on its [on-line, interactive dashboard](#). The same metrics publicized for other local labor standards could apply for this legislation (e.g., number of inquiries, number of investigations, amount of remedies). OLS also could contract with community and business organizations to conduct measurable outreach and education efforts on worker rights and network company responsibilities.

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<sup>3</sup> [Labor Force Statistics from the Current Population Survey: Electronically Mediated Employment](#). U.S. Bureau of Labor Statistics, May 2017.