

## METRO 2021 LEGISLATIVE ISSUE IDENTIFICATION

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**Person completing form/Department:** Eliot Rose, Planning and Development

**Date:** 25 September 2020

**ISSUE:** Ride-hailing

**BACKGROUND:** Ride-hailing services (also known as transportation network companies, or TNCs) use apps to connect passengers with drivers who provide rides in their personal vehicles. Two ride-hailing companies, Uber and Lyft, currently offer service throughout the Portland region. Use of ride-hailing has grown rapidly, both nationally and in the region. Uber and Lyft began serving the region in 2015, and in 2019 they provided over twelve million rides in the City of Portland. At the onset of the COVID-19 pandemic, TNC trips fell by roughly 70 percent, but are now growing again as people resume traveling.

Ride-hailing has the potential to expand transportation choices in suburban areas, complement transit service, increase carpooling by offering shared trips, and reduce vehicle miles traveled and car ownership. However, most of the available evidence finds that in practice, ride-hailing services are making the transportation system more inequitable, less safe, and more congested. Ride-hailing services increase vehicle travel and compete with public transportation because they tend to focus on serving areas that are congested and already enjoy a variety of transportation choices. People of color face longer wait times and increased likelihood of cancelled rides, and few ride-hailing vehicles are accessible to people with disabilities. Drivers, who are often people with low incomes, do not receive benefits, and companies have repeatedly cut driver pay over the past several years. Companies have not shared data on driver safety, but it is increasingly clear that by adding more cars to the road ride-hailing increases collisions, and that companies do not always enforce their own safety policies.

Local governments traditionally have the authority to address these concerns by regulating ride-hailing and other for-hire transportation services. In our region, the City of Portland and the Port of Portland regulate ride-hailing services within their jurisdictions. Both require companies to conduct background checks on drivers, require that vehicles meet safety requirements, and require companies to report major traffic violations by drivers. The City of Portland also collects a fee on each ride that goes toward providing wheelchair-accessible service and has a zero-tolerance discrimination policy. The Regional Transportation Plan calls on Metro and its partners to develop regionally consistent policies for ride-hailing that prioritize equity and improve transportation choices.

Metro's previous legislative efforts have focused mainly on preserving the authority of local governments to regulate and collect data from ride-hailing companies, but we expect that ride-hailing-related legislation could address a broader set of issues in 2021. Recently, Uber and Lyft have diversified, launching or acquiring bike/scooter share and delivery services, and have sought policy changes that benefit these new business lines. Meanwhile, states and cities

around the country have passed policies to provide better wages and conditions for ride-hailing drivers. Below we discuss potential focal points for ride-hailing legislation in 2021.

**Local pre-emption:** Ride-hailing companies have consistently sought to avoid local oversight and have often used state legislation to pre-empt local regulations of their basic operations. Oregon is currently one of roughly 10 U.S. states without statewide ride-hailing regulation. Ride-hailing companies pursued pre-emptive legislation during the 2017 and 2019 sessions (see below); while this legislation did not pass, similar legislation is expected in 2021.

**Data sharing:** One of the main goals of pre-emptive ride-hailing legislation has been to prevent local governments from requiring TNCs to share data that might be used to develop new policies or monitor compliance with existing ones. However, public agencies have been much more successful in collecting data from companies that operate shared bikes and scooters. Portland, Milwaukie, and other Oregon cities have used this data to track usage, monitor compliance, evaluate pilot programs, and develop new regulations. Metro is currently developing a platform for making data from shared bikes and scooters more widely available to enable public agencies to plan and implement new sharing systems. Uber and Lyft have supported legislation in other states that would limit local authority to regulate and gather data from bike/scooter share companies and may pursue similar legislation in Oregon in 2021.

**Delivery fees:** In 2020, due to the COVID-19 pandemic, demand for delivery services for food and other goods from services like Uber Eats, Postmates (which Uber purchased in 2020), GrubHub, Doordash and Caviar skyrocketed. Restaurant owners and advocates from Portland's Asian community raised concerns that the fees charged by these platforms, which typically range from 25-30 percent, are unreasonable and hurt their business. In response, the City of Portland (like several other U.S. cities) adopted an ordinance to temporarily cap the fees that third-party delivery platforms charge restaurants at 10 percent. In response, Uber added a \$3 surcharge to all Uber Eats orders in Portland. Uber and other delivery companies may propose limits on the ability of local governments to regulate delivery fees.

**Labor practices:** In 2019, California passed legislation requiring ride-hailing and other gig economy companies to reclassify drivers as employees, not contractors, thereby making them eligible for benefits and protections. Ride-hailing companies have fought the law in court, and have proposed a ballot initiative that would exempt their drivers from being treated as employees. To prevent similar changes in Oregon, ride-hailing companies may push for legislation that enshrines their drivers as contract workers.

**RECOMMENDATION:** Oppose legislation that pre-empts local authority to regulate ride-hailing services, collect data on ride-hailing and other services operated by ride-hailing companies, or impose fees on ride-hailing and other services operated by ride-hailing companies. Consider supporting legislation that improves the wages, benefits, and employment status of ride-hailing drivers.

It makes sense for the state to regulate certain aspects of ride-hailing and other emerging transportation services, such as basic requirements for vehicles (e.g., safety equipment, vehicle identification) or drivers (e.g., eligibility, background checks, insurance requirements, non-discrimination). However, any state legislation should maintain local authority to adopt additional regulations including but not limited to service equity requirements, minimum wages, and safety requirements, and to charge fees to manage congestion or cover administrative costs.

**LEGISLATIVE HISTORY:** House Bill 3246, which would have established state oversight and pre-empted local regulation of ride-hailing services, was introduced but not adopted during the 2017 session. Two competing ride-hailing bills met a similar fate in 2019:

- HB 3023 was actively pushed by TNCs. It would have pre-empted local government regulation of TNCs and limited wheelchair accessibility fees, driver background checks, data collection, penalties for violations, and other best practices used by Portland and other cities to ensure that ride-hailing companies operate safely and equitably.
- HB 3379, which was drafted with participation from Portland and other cities, would have set minimum statewide ride-hailing requirements related to insurance, background checks, data sharing, and other issues, and allowed cities to exceed these requirements.

**OTHER INTERESTED PARTIES:** Metro's public agency partners the City of Portland and Port of Portland have ride-hailing regulations in place that could be overturned by pre-emptive statewide laws, as do Eugene and several other cities across Oregon. The League of Oregon Cities, labor groups, trial lawyers, advocates for transportation equity and communities of color, and ride-hailing drivers opposed HB 3246 in 2017 and HB 3023 in 2019, while ride-hailing companies, anti-drunk driving advocates, and residents of areas where ride-hailing service was then unavailable and who have been led to believe that statewide ride-hailing legislation will somehow address the economic factors that prevent companies from serving their communities supported it.

**IMPACT IF PROPOSED ACTION OCCURS:** Metro and its public agency partners maintain authority to regulate ride-hailing services in a way that supports our regional goals and creates consistency across jurisdictions, and to collect data from companies on how ride-hailing and other emerging transportation services are impacting congestion, emissions, safety, and the economy in the Portland region. Driving for a ride-hailing company becomes a path to career and economic advancement for lower-income workers.