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LEGISLATIVE MEMO

HB 2310 and SB 6399 would reduce job opportunities and increase costs for on-demand transportation companies and workers

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Key Findings

1. **The state Legislature is considering two bills that seek to add additional regulations to on-demand food and passenger transportation service companies and workers.**
2. **HB 2310 and its companion, SB 6399, would require on-demand transportation providers, such as Uber and Lyft, to submit carbon reduction plans annually to the Department of Ecology. Traditional, regulated, taxi and limousine services would be exempt.**
3. **Under HB 2310 and SB 6399, Ecology would be required to create a plan by July 1, 2022, defining carbon reduction targets for on-demand food and passenger transportation service companies.**
4. **To meet carbon reduction goals, HB 2310 and SB 6399 require the increased use of zero emission vehicles. There is significant cost for on-demand transportation drivers to replace their gasoline-powered vehicles with zero emission vehicles.**

Introduction

The emergence of on-demand transportation companies in the last few years has revolutionized the way consumers pay for and use on-demand and for-hire transportation services.[1] Companies like Uber and Lyft provide fast and cost-effective ways for consumers to travel that are more popular than traditional, government-regulated, for-hire taxi cabs and limousine services.

For drivers, on-demand transportation companies provide new ways for people to work and earn an income outside of the typical company's nine-to-five workday. The ability to have a flexible schedule and work on a part-time basis is a convenient and popular option for many workers.

The ability to work part-time and pursue other personal and family goals in life is an important value for hundreds of thousands of workers across the state.

Bill summaries

House Bill 2310[2] and its companion, Senate Bill 6399, would require on-demand passenger and goods transportation service providers to submit vehicle miles travelled (VMT) annually to the Department of Ecology.[3] The bill would require Ecology to send a report to the Legislature detailing the average greenhouse gas emissions (GHG) calculated from the VMT submitted.

Ecology would be required to adopt rules establishing mandatory goals and targets for GHG emissions reduction per passenger mile or food-delivery mile for on-demand passenger and food passenger delivery services.

The Ecology goals for reductions in carbon emissions, achieved through the increased use of zero-emission vehicles, are due to be published by July 1, 2022.

1 "Like It or Not, Uber is Transforming Life in Middle America," by Denver Nicks, *Time* magazine accessed on February 6, 2020 at https://time.com/3606017/uber-lyft-ridesharing-america/.

2 HB 2310, "Reducing emissions from vehicles associated with on-demand transportation services," introduced January 8, 2020, at https://app.leg.wa.gov/billsummary?BillNumber=2310&Initiative=false&Year=2019

3 SB 6399, "Reducing emissions from vehicles associated with on-demand transportation services," introduced January 16, 2020, at https://app.leg.wa.gov/billsummary?BillNumber=6399&Chamber=Senate&Year=2019

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Bill analysis

Both the House and Senate bill would require, beginning January 1, 2023, on-demand passenger and food passenger delivery services to submit a GHG emission reduction plan to Ecology to be implemented by January 1, 2024. The plan must contain proposals for meeting the goals established by Ecology. Ecology may assess annual fees to cover Ecology's program costs.

Violations of GHG emission reporting, plan and other program requirements would be subject to criminal and civil penalties under the state Clean Air Act[4] which was passed in 1991. The clean air act regulates air quality in order to promote human health and safety.

These criminal and civil penalties are targeted only at Uber and Lyft drivers; traditional taxi and limousine services would be exempt from the requirements.

Sponsors of HB 2310 and its companion bill, SB 6399, want to disrupt these popular work arrangements by imposing new restrictions on the type of vehicles workers can use as a part-time, or a full-time, on-demand transportation driver.

The bills would have the Department of Ecology define and enforce carbon reduction goals for on-demand transportation companies. Their competitors, subsidized government-run bus services and traditional taxi companies, would be exempt.

These goals would be imposed by increasing the proportion of zero-emission vehicles that on-demand transportation companies use. This rule would block many drivers of gasoline-powered vehicles from working for on-demand transportation companies, or it would force them to buy new zero-emission vehicles at considerable personal cost.

This would create an artificial legislative barrier to drivers who want to work for on-demand transportation companies, increasing costs and reducing consumer choice for everyone. Additionally, on-demand food carriers have less CHG emissions as they often deliver for multiple customers at once.

Policy recommendation

The Legislature should not impose arbitrary rules that would give a special competitive advantage to one segment of an industry or to certain workers. Lawmakers should not pick winners and losers, and instead allow people to make personal and work-related choices that work best for them.

As the electric vehicle market matures and more electric vehicles become available at lower cost with greater range, more people, including Uber and Lyft employees, will choose to drive them.

On-demand transportation companies will naturally transition to the most cost-effective solution, especially if that is what customers want.

Instead of letting workers and consumers make voluntary choices in their own lives, supporters of HB 2310 and SB 6399 want to impose a change that they think people should make. The result is nanny-state government that wants to interfere in even the most basic daily decisions about how people choose to travel, especially in forcing a favored technology that many drivers are adopting anyway.

Conclusion

On-demand transportation companies have revolutionized the way we use transportation services. These fast and affordable services would not even exist if market innovators had waited, or even asked, for permission from the government first. Now some lawmakers in Olympia are playing catch-up, seeking to impose needless and expensive regulations on on-demand, high-tech transportation services.

For these reasons passage of HB 2310 and SB 6399 would not serve the public interest, and in fact these bills would harm many part-time drivers and the customers they serve.

4 "Washington Clean Air Act," accessed February 6, 2020, at https://apps.leg.wa.gov/RCW/default.aspx?cite=70.94

Mark Harmsworth is the director of the Center for Small Business at Washington Policy Center. Noting here should be construed as an attempt to aid or hinder the passage of any legislation before any legislative body.

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