



November 19, 2024

The Honorable Matthew Willard
Chair, Democratic Caucus
Louisiana House of Representatives
900 North Third Street
Baton Rouge, LA 70804

Re: Oppose HB 9

Dear Representative Willard:

On behalf of Chamber of Progress – a tech industry association supporting public policies to build a more inclusive society in which all people benefit from technological advancements – I write to urge you to **oppose HB 9 unless amended to eliminate the tax on rideshare and delivery services**. This tax will disproportionately burden those with the least resources and would have significant economic consequences for the state's small business community.

Rideshare and delivery taxes are regressive for consumers and workers

As drafted, HB 9 would impose a sales and use tax on rideshare, delivery, and shipping services, which are indispensable for many Louisiana residents. Rideshare services provide dependable transportation options and vital income for drivers who rely on rideshare work to support themselves and their families. Adding a tax to these services would raise costs for riders, likely decreasing demand and thereby reducing drivers' earnings and work opportunities.

Delivery services are critical for families struggling to access essential household goods. Roughly 1 in 7 Louisianans are food insecure, including 234,120 children.¹ For these residents, grocery and meal delivery services increase options for healthy, nutritious food and other household essentials. Moreover, about 16% of Louisiana adults live with a disability that affects mobility.² Many of these individuals, who have difficulty shopping in person, also depend on delivery services for prescriptions, groceries, and household

¹ See Hunger in Louisiana <https://www.feedinglouisiana.org/hunger-in-louisiana>

² See Disability & Health U.S. State Profile Data for Louisiana
<https://www.cdc.gov/ncbddd/disabilityandhealth/impacts/louisiana.html>

goods.³ The imposition of taxes on delivery and rideshare services can exacerbate challenges in accessing essential goods and services for people with disabilities, who often face additional financial burdens.⁴

A survey of Colorado residents found that the burden of a 27-cent delivery fee fell hardest on low-income families. Families earning less than \$75,000 spent 2.5 times as much on delivery fees as families earning over \$200,000.⁵ Increasing the cost of deliveries of food and household goods would further burden struggling families in Louisiana.

Disparate impact on rural and underserved communities

Furthermore, these taxes would disproportionately impact rural and underserved communities across Louisiana, where reliable public transportation options are scarce. In many parts of the Bayou State, rideshare is not a luxury but a necessity. 11.7% of residents in the New Orleans-Metairie area live without easy access to public transit.⁶ For these residents, rideshare services are often the only affordable, dependable option to reach work, healthcare, education, and other critical resources. Delivery services enable these residents to access more grocery stores, household goods, and other necessities. An added tax could make these essential services unaffordable, further isolating individuals facing economic and transportation challenges.

Negative effect on local businesses and the broader economy

A tax on rideshare services could harm Louisiana's local economy by reducing accessibility to businesses and services. Many small businesses, restaurants, and retail shops rely on the customer traffic that rideshare services help facilitate, especially in areas with limited parking or restricted public transit options. When residents and visitors have affordable, convenient transportation, they are more likely to support local businesses, attend events, and contribute to the local economy. In fact, in 2022, rideshare and delivery services generated \$32 billion in additional revenue for restaurants, grocers, and other local businesses.⁷ By increasing the cost of rideshare, the proposed tax risks limiting access to these businesses, which has adverse ripple effects across Louisiana's economy.

³ See Home delivery services serve up improved accessibility to food and more
<https://www.ameridisability.com/home-delivery-services-serve-up-improved-accessibility-to-food-and-more/>

⁴ See The National Disability Institute
<https://www.nationaldisabilityinstitute.org/wp-content/uploads/2018/12/finra-infographic.pdf>

⁵ See Chamber of Progress
<http://progresschamber.org/wp-content/uploads/2024/02/EY-Chamber-of-Progress-Colorado-delivery-fee-analysis-02-27-2024-FINAL.pdf>

⁶ See <https://dc.uwm.edu/cgi/viewcontent.cgi?article=1169&context=ijger>

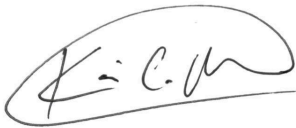
⁷ See <https://www.flexassociation.org/app-based-industry-contributions-to-the-economy/#:~:text=In%20addition%2C%20the%20study%20finds,%2411%20billion%20in%20consumer%20surplus.>

Taxes on delivery services would also harm small businesses. Imposing taxes on sellers for delivery orders would hurt those who depend on deliveries to reach customers across the state. Businesses would be forced to either shut down delivery options, limiting the number of customers they could serve; bear the costs of the tax themselves, cutting into their profits; or pass the tax onto consumers by raising prices. In any case, the tax would result in decreased business revenues and decreased wages for delivery drivers. When a 27-cent fee was imposed on delivery orders in Colorado, many small businesses raised concerns about increased costs, and customers complained about increased prices.⁸

We respectfully urge you to consider the negative impacts of these taxes on Louisiana's economy, its communities, and the residents who rely on rideshare and delivery services. Rather than imposing new financial burdens on consumers and small businesses, we encourage you to explore alternative revenue solutions that do not place an undue strain on the people who can least afford it.

For these reasons, we ask you to **oppose the rideshare and delivery service taxes in HB 9**.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Marshall", enclosed within a hand-drawn oval shape.

Kouri Marshall
Director of State & Local Government Relations, Central Region

CC: Louisiana State Democrats

⁸ See New Colorado retail delivery fee causing issues for small businesses
https://www.kktv.com/2022/07/07/new-colorado-retail-delivery-fee-causing-issues-small-businesses/?utm_source=dlvr.it&utm_medium=twitter