



February 27, 2024

The Honorable Jamal Osman
Chair
Business, Housing & Zoning Committee
Minneapolis City Council
City Hall
350 S. Fifth St., Room 307
Minneapolis, MN 55415

The Honorable Jeremiah Ellison
Vice-Chair
Business, Housing & Zoning Committee
Minneapolis City Council
City Hall
350 S. Fifth St., Room 307
Minneapolis, MN 55415

Re: Proposed Ordinance 2024-00146, Transportation rideshare worker protections ordinance

Dear Chair Osman, Vice-Chair Ellison, and members of the committee:

On behalf of Chamber of Progress – a tech industry association working to ensure all Americans benefit from technological leaps – I write in response to proposed ordinance 2024-00146.

As Minneapolis seeks to implement methods to support rideshare drivers and gig service providers, we encourage you to carefully study the potential downstream effects the proposed law could have on both consumers and drivers. The proposed ordinance risks raising prices for consumers, reducing availability of rideshare services, and reducing overall driver earnings.

Rideshare offers many benefits for communities, such as providing sustainable transportation options for residents while creating another stream of income for drivers in Minneapolis. A study by Branch X Marqeta found that 85% of survey respondents have increased, or plan to increase, their gig work recently, “with 45% citing inflation as the primary reason for doing so.”¹

In New York City and Seattle, well-intentioned increases in the minimum wage for rideshare drivers resulted in reduced demand, reduced availability of services, and reduced wages for drivers. As a result of Seattle’s “PayUp” minimum wage of \$17.27 per

¹<https://www.businesswire.com/news/home/20220413006071/en/Rising-Inflation-Leads-More-Workers-to-the-Gig-Economy-Citing-Increased-Expenses-and-Fuel-Costs>

hour, the cost of rides for rideshare customers was predicted to increase by 25 to 50%.² The drop in demand for rideshare services caused by the price increase has forced some drivers to work twice as many hours and forgo days off in order to make up for lost revenue.³ Similarly, in New York City, the demand for delivery services was predicted to decrease between 15-31% as a result of the wage increase, resulting in fewer earning opportunities for delivery drivers.⁴

In a similar way, this ordinance may lead to **higher rideshare costs and reduced earnings** for Minneapolis residents. Last year, Lyft estimated that a similar proposal could more than double the average trip fare.⁵ As seen in Seattle and New York City, when customers are faced with higher rideshare prices, drivers may see ride volume and earnings decline as well. For drivers, the decrease in ride volume could mean the difference between making ends meet at the end of the month or having the time to balance other work and caregiving commitments.

Increased prices could also make it harder for already disadvantaged users to access transportation services. In New York City, residents of low-income neighborhoods saw a reduction in delivery and rideshare services after the wage increases went into effect.⁶ Consumers with lower incomes are more likely to use rideshare services to get to jobs, school, and healthcare appointments than those with high incomes.⁷ For these communities, increasing the price of rideshare could put access to essential services out of reach.

For these reasons, we respectfully encourage you to conduct further analysis to understand the full downstream impact this legislation will have on workers, consumers, and the public before approving the proposed ordinance.

Sincerely,



Ruth Whittaker
Director of Civic Innovation Policy

²https://www.seattletimes.com/seattle-news/transportation/embargoed-uber-raising-its-prices-starting-jan-1/?utm_source=marketingcloud&utm_medium=email&utm_campaign=BNA_123020160130+Uber+raising+its+prices+starting+Jan.+1.12.30.2020&utm_term=Active%20subscriber

³<https://www.seattletimes.com/seattle-news/transportation/seattle-area-demand-for-uber-lyft-still-not-back-up-to-speed-an-outlier-in-the-u-s/>

⁴<https://nyc.gov/assets/dca/downloads/pdf/about/PublicComments-Proposed-Rule-Minimum-Pay-for-Food-Delivery-Workers-2023.pdf>

⁵<https://www.wizmnews.com/2023/08/18/minneapolis-advances-measure-for-minimum-wage-to-uber-and-lyft-drivers/#:~:text=If%20the%20Minneapolis%20ordinance%20goes,the%20ride%20within%20the%20city.>

⁶<https://www.seattlepi.com/local/seattlenews/article/driver-coalition-opposes-durkan-minimum-wage-uber-15495915.php>

⁷ <https://www.lyft.com/blog/posts/what-do-you-use-rideshare-for-it-depends-on-your-bank-account>