

SEAN SCANLON
STATE COMPTROLLER



TARA DOWNES
DEPUTY COMPTROLLER



STATE OF CONNECTICUT
OFFICE *of the* STATE COMPTROLLER
165 Capitol Ave.
Hartford, CT 06106

Testimony in support of:

SB 1487: An Act Concerning Transportation Network Companies and Third-Party Delivery Companies

&

SB 1488: An Act Authorizing the Comptroller to Withhold Payment for Violations of the Prevailing Wage Statutes

Senator Kushner, Representative Sanchez, Senator Sampson, Representative Weir, and other distinguished members of the Labor and Public Employees Committee:

Thank you for the opportunity to testify today in support of two important bills that offer protections for both Connecticut workers and taxpayer funding.

SB 1487

Eight years ago, Connecticut passed comprehensive legislation regulating transportation network companies like Uber and Lyft. Over that time, the industry has rapidly expanded to include thousands of drivers and is now a critical part of our state's transportation industry. Following recent actions by other states, my office released a report last month that assessed the financial impact to the state due to rideshare drivers being classified as independent contractors instead of employees. Our major findings include:

- Between 2019 and 2022, TNCs would have paid an estimated \$16.1 million in state payments if drivers were classified as employees.
- TNCs would have been required to pay an additional estimated \$14.9 million in Workers Compensation insurance on behalf of drivers over the same period.
- Drivers would potentially be eligible for other statutorily required benefits such as paid sick leave and health benefits.

Our report makes the following recommendations based on our findings:

1. **Data Transparency:** Require TNCs to report statistics to drivers including trip and earnings data and require other necessary data to the Department of Transportation so that they can adequately regulate the industry.

2. Require TNCs to provide drivers essential benefits: Use the framework for a recent legal settlement between TNCs and Massachusetts to provide drivers with a minimum earnings rate, paid sick leave, healthcare stipends and occupational accident insurance.
3. Restructure annual and per-ride Fees: Increase the annual TNC fee from \$5,000 to \$50,000 and increase the 30-cent ride fee to 50 cents to reflect regulatory impact and align us with peer states.

I thank this committee for including data transparency as a key component of this bill. Drivers should have greater insight into how much they are earning per-ride so that they can determine whether they are being fairly compensated, especially in light of the fact that being an independent contractor requires they absorb most costs from the rideshare activity.

I also thank the committee for raising TNC fees in this bill.

However, I urge you to make this legislation stronger by ensuring that the estimated 12,000+ rideshare drivers in our state have access to affordable healthcare, paid sick leave and a fair wage. While ridesharing has gained a reputation for being a “side hustle” for many, it is the primary source of income for many drivers who currently lack access to critical benefits. Their classification under statute shouldn’t preclude them from the same protections we provide other workers.

We should follow the footsteps of states like Massachusetts and Washington who have already acted to get drivers better pay and a broader safety net.

SB 1488

This bill would simply add greater protections for workers on state-funded projects from prevailing wage violations. Right now, the Department of Labor can investigate cases when contractors cheat employees and even place stop-work orders on public projects until workers have been repaid. Currently, there is no ability for my office to withhold state payments to such contractors, allowing them to still be paid by taxpayer funds even when they are being actively investigated for a prevailing wage violation.

While I have faith in the DOL’s due process, I also believe strongly that in particularly egregious cases, the state should be able to withhold state payment until the case is resolved. Importantly, the bill’s language provides the DOL Commissioner and my Office discretion to determine which cases rise to that level, rather than setting a blanket requirement to halt payments during all investigations. Hopefully this language acts as a deterrent to further violations in the future.

Thank you for the opportunity to testify today and I welcome any questions the committee may have.

All the best,



Sean Scanlon
State Comptroller