



Washington State Rideshare Businesses Achieve Historic Compromise to Guarantee Wages in Exchange for Contractor Status

Insights

4.05.22

In a groundbreaking move that gig economy companies hope to be mimicked across the country, Washington just enacted a new state law that guarantees minimum per-trip pay rates, paid sick leave, and workers' compensation benefits for rideshare drivers in exchange for a guarantee that the workers are classified as independent contractors. The compromise was the result of a deal struck between companies and an advocacy group supporting rideshare drivers. By signing HB 2076 (aka the "Expand Fairness Act") on March 31, Washington governor Jay Inslee created a California Prop 22-like solution that provides the needed flexibility sought after by gig businesses (and workers) while also offering a social safety net for workers that will enable them to perform gig work on a full-time basis if wanted.

What Do Workers Get?

Under the new law, Washington rideshare drivers have won the right to a variety of benefits typically enjoyed by those with employee status:

Minimum Trip Payments

The law guarantees minimum per-trip rates based on the location of where the dispatched trips originate, ranging from \$3.00 to \$5.00 per trip as the floor, or between 34 cents to 59 cents per minute or \$1.17 to \$1.38 per mile. These amounts will be adjusted each year to align with the state's minimum wage as closely as possible, and do not include tips.

Paid Sick Leave

Drivers will also be able to accrue sick leave under the Expand Fairness Act starting in 2023. They will accrue one hour of paid sick leave for every 40 hours worked, and such leave can be used to care for sick family members, treat their own medical issues, or receive medical treatments.

Workers' Compensation

If workers get hurt on the job, or their vehicle is damaged, they will be eligible to receive workers' compensation benefits to assist them.

Resource Center

The law also creates a driver resource center fund that will be funded by passenger fees collected by businesses. It will offer education about the benefits of this new law to drivers, and also assist them if they want to appeal an account deactivation.

What Do Rideshare Companies Get?

The critical component to this legislation is the guarantee that rideshare drivers will be classified as contractors for all relevant local laws. Also, it bans local governments from imposing additional requirements on ridesharing businesses, preventing local lawmakers from trying to run an end-around to impose additional restrictions.

What's Next?

This is the first law of its kind in the country, offering minimum levels of compensation and paid sick leave to drivers – who largely want the freedom and flexibility that contractor status offers them anyway. But businesses – and workers – hope this is just the start of a new day where state legislators across the nation look to Washington and replicate the new law.

We will continue to monitor this situation as it unfolds. Make sure you are subscribed to Fisher Phillips' Insight System to get the most up-to-date information direct to your inbox. For further information, contact your Fisher Phillips attorney, the author of this Insight, or any member of our Gig Economy Practice Group.

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