



# NYC Regulates Ride-Sharing Businesses With Minimum Wage Base And License Limits

Insights

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We've been asking for increased regulation of the gig economy, and we got it – just not the kind of regulation businesses were hoping for. While gig businesses are craving a modern regulatory approach to misclassification issues, the New York City Council yesterday instead issued a series of new laws that could serve to cool off the growth that we've been seeing for the past few years. Among the new laws, ride-sharing drivers will soon be entitled to what appears to be the nation's first minimum payment wage rates, and the number of licenses for permissible ride-sharing drivers will be artificially capped for the first time.

## Minimum Payments

By a 42-3 vote, the City Council approved Proposal 890B, which establishes minimum payments for ride-sharing drivers. The rate would work out to be about \$17.22 per hour after expenses, and would increase driver earnings by about 22 percent on average. The businesses would be required to bridge the gap between what the drivers actually earn and the new minimum levels should they fall short. The proposal also establishes the concept of minimum fare rates, if it is determined to be necessary in order to alleviate low payment concerns.

## License Cap

Proposal 144-B will freeze for one year the number of vehicle licenses issued, preventing any new ride-sharing drivers (except for wheelchair-accessible vehicles) from joining the ranks of the gig economy. During this year period, a city commission will conduct a study to determine whether permanent standards need to be adopted to limit the number of ride-share vehicles on the road. The proposal, which passed by a 39-6 vote, was pushed by a group of commissioners who, according to EL360's Linda Chiem, worried about "rising concerns of traffic congestion [and] cutthroat competition." Upon completion of the one-year study, the commission may decide to permit new licenses if certain geographic areas are underserved and if the new cars on the road won't substantially impact road congestion.

## What's Next?

Mayor De Blasio has lauded the new laws and promised to sign the legislation into law. Gig economy businesses across the country should monitor these developments as they may provide inspiration for other local jurisdictions to establish similar regulatory models – and they may not necessarily be limited to ride-sharing businesses.

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