



Seattle Approves Nation's First Hazard Pay System For Gig Workers

Insights

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Gig economy workers performing food delivery services in Seattle will receive an extra \$2.50 per delivery during the COVID-19 pandemic thanks to a first-in-the-nation hazard pay law unanimously passed by the City Council on Monday. The bill now heads to Mayor Jenny Durkan's desk; she has indicated she will sign it into law this week. What do gig economy businesses need to know about this groundbreaking development?

The Basics

First and foremost, once the mayor signs the bill, it will go into effect immediately. It was passed as an "emergency" measure, which permits the effective date of the act to be advanced. It will expire when the COVID-19 health threat has ended and the city's emergency declaration is no longer in effect.

According to the lawmakers behind the measure, the hazard payments are intended to "offset costs and risks that drivers are dealing with during the pandemic," such as acquiring personal protective gear and cleaning delivery vehicles.

What Businesses Cannot Do

A critical feature of this legislation is that grocery delivery companies are prohibited from passing the hazard pay surcharge on to customers. Businesses also cannot cut driver compensation to help fund the hazard pay costs. Companies cannot take other steps to avoid paying the hazard pay, either: the bill prohibits companies from changing geographic areas they serve in an effort to avoid the raise either, and it bars businesses from restricting workers' access to online orders.

Who Is Not Included

The hazard pay system only impacts food and grocery delivery services, not transportation network companies (TNCs). An earlier version of the measure included provisions that would have included such drivers, but it was revised before passage.

What's Next?

Expect to see other jurisdictions follow Seattle's lead and pass their own hazard pay systems during the pendency of the pandemic. An original version of the measure sought \$5.00 per delivery before lawmakers compromised to reach the final result; it would not be surprising to see other local governments aim towards the \$5.00 mark with their own laws. In Seattle, meanwhile, expect to see

further negotiations on minimum pay requirements for TNC drivers. Now that delivery drivers are in line for a pay increase, you can expect other gig economy workers to reap their own benefits soon.

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Richard R. Meneghello
Chief Content Officer
503.205.8044
[Email](#)