

### **PROPOSITION 22: App-Based Drivers as Contractors and Labor Policies Initiative**

**POSITION:** The Chamber's Public Policy Committee voted to SUPPORT the proposition on August 11, 2020. The Chamber's Board voted to SUPPORT the proposition on September 24, 2020.

**RATIONALE:** Prohibiting independent contract work for app-based drivers would eliminate hundreds of thousands of jobs, lead to longer wait times for transportation services, higher prices for consumers and potentially end operations permanently in existing service areas.

**STATUS:** Proposition 22 is the result of Assembly Bill 5 (Gonzalez) which codified into law a California Supreme Court ruling. Prop 22 was on the November 3, 2020 ballot and PASSED.

#### **SUMMARY**

Proposition 22 establishes set criteria for distinguishing app-based transportation and delivery drivers as employees or independent contractors. Independent Contractors are not entitled to certain protections granted to employees under California state law, including minimum wage, overtime, unemployment insurance and workers' compensation. Under Prop 22, companies with independent contractor drivers would be required to provide specified alternative benefits, including minimum compensation and healthcare subsidies based on metrics such as driving time, as well as vehicle insurance, safety training and sexual harassment policies.

#### **INDUSTRY/IES IMPACTED**

The industries impacted include ride-share and other on-demand services utilizing mobile apps, traditional transit and transportation service providers and gig-economy innovators.

#### **SUPPORTERS**

- California Chamber of Commerce
- California Small Business Association
- California Taxpayer Protection Committee
- Los Angeles Chamber of Commerce
- The Internet Association
- Uber
- Lyft

#### **OPPONENTS**

- Senator Kamala Harris
- Senator Elizabeth Warren
- Speaker Anthony Rendon
- California Labor Federation
- SEIU California State Council
- California Teachers Association
- Unite HERE

#### **ARGUMENTS IN FAVOR**

- Proposition 22 protects the ability of app-based drivers to choose independent work.
- Prop 22 maintains the affordability and availability of on-demand services that benefit consumers, small businesses and the economy.
- Prop 22 implements strong new public safety protections such as background checks of drivers and mandatory safety courses.

#### **ARGUMENTS IN OPPOSITION**

- Proposition 22 would enable gig companies to make billions of dollars while excusing them from paying the workers a minimum wage, social security, overtime while limiting workers' right to organize.