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### Washington State's New Rideshare Law

Governor Jay Inslee signed [ESHB 2076](#) into law on March 31, 2022, making Washington the first state to require minimum per-trip payments, paid sick leave, and workers' compensation benefits for rideshare drivers. The law also provides that drivers will remain classified as independent contractors—not employees—and expressly forbids local governments from imposing new regulations on transportation network companies. [\[1\]](#)

### The Law's Requirements

ESHB 2076 includes the following new requirements:

- **Minimum Per-Trip Payments.** Beginning December 31, 2022, transportation network companies shall ensure that a driver's total compensation is at least \$0.59 per passenger platform minute and \$1.38 per passenger platform mile, or a minimum of \$5.17 per dispatched trip, whichever is greater, for all dispatched trips originating in cities with populations over 600,000, such as Seattle. For dispatched trips originating outside of Seattle, transportation network companies shall ensure that a driver's total compensation is at least \$0.34 per passenger platform minute and \$1.17 per passenger platform mile, or a minimum of \$3.00 per dispatched trip, whichever is greater.
- **Paid Sick Leave.** Beginning January 1, 2023, transportation network companies must pay drivers for earned paid sick time consistent with Washington's paid sick leave law. Drivers shall accrue one hour of earned paid sick time for every 40 hours of passenger platform time worked. For each hour of paid sick time used, drivers must be paid their average hourly compensation. Additionally, transportation network companies must establish a system for drivers to request and use earned paid sick time. Drivers may use accrued earned paid sick time upon recording 90 hours of passenger platform time.
- **Workers' Compensation Coverage.** Beginning January 1, 2023, the Washington State Department of Labor and Industries shall assess transportation network companies' compensation coverage premiums for drivers.
- **Driver Resource Center.** The statute creates a new driver resource center to provide services to gig economy drivers, including representing drivers in deactivation appeals proceedings and providing "culturally competent driver representative services, outreach, and education" (ESHB 2076, Part I, Sec. 1(k)). Beginning July 1, 2024, transportation network companies must collect and remit a \$0.15 per trip fee to the driver resource fund to support the driver community.

The new law also sets several statewide regulations for transportation network companies and requires them to provide drivers with written notice of their rights and adopt nondiscrimination policies. In addition to establishing rights for drivers, the statute also prohibits companies from interfering with, restraining, or denying the exercise of any right created by the law, from taking adverse action against a driver for exercising a right, and creates a process for investigating retaliation complaints. Furthermore, the law expressly preempts the field of regulating transportation network companies. It states that "[n]o county, city, town, or other municipal corporation may regulate transportation network companies or drivers, or impose any tax, fee, or other charge, on a transportation network company or driver" (ESHB 2076, Part IV, Sec. 32).

### Takeaways for Employers

Overall, transportation network companies with drivers in Washington should become apprised of the statute's new requirements to avoid penalties. Although the law's effective date is June 9, 2022, many key provisions do not take effect until the beginning of 2023. Therefore, employers that provide rideshare services to employees in Washington will likely experience increased costs once the statute takes effect. Employers should consult with trusted legal counsel if they have any questions or concerns regarding Washington's new rideshare law.

## **Endnote**

[1] The law defines a transportation network company as "a corporation, partnership, sole proprietorship, or other entity that operates in this state, and uses a digital network to connect passengers with transportation network company drivers to provide prearranged rides." [RCW 46.04.652](#).

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