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**Collin S. Ferguson**

12621 SE Stark St., Apt. 302  
Portland, OR 97230  
(503) 765-2988  
c.macfergus@gmail.com

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Chair Nathanson and members of the House Committee on Revenue,

My name is Collin Ferguson, and I am an online graduate student at St. Mary's University in Halifax, Nova Scotia, and I am submitting written testimony to you and the members of the House Committee on Revenue to express my concerns about HB 3023 A.

To pay bills and manage my school debt while attending classes, I drive for Uber and Lyft. My first ride for Lyft was December 30, 2016, and I started driving for Uber on February 25, 2017. Since that time, I have completed 1,988 rides for Uber and 1,545 rides for Lyft. I maintain a 4.89 rating on Uber and a 4.95 rating on Lyft. Every week, I drive an average of 30 hours and add 500 to 600 miles to my car's odometer. I enjoy driving. Driving, by and far, is the best customer service job I have worked, and I much appreciate the opportunity Uber and Lyft have given me. And yet, I am both befuddled and frustrated by their business models and the conditions they create for drivers.

Transportation Network Companies (TNCs) are the focus of my graduate studies, and I am fascinated by the emerging gig-economy. Platforms have forever changed the transportation service industry, and in many ways, they have improved the working conditions of private-for-hire drivers. Perhaps for the first time in history, drivers have achieved liquidity, i.e., assurance that a transaction will occur without significant variation in cost. Drivers no longer have to forecast their future success. The cloud makes the future more predictable.<sup>1</sup>

Despite this new found success for private-for-hire drivers, they struggle to include health, insurance, mechanical services, and living expenses in their operational budgets.<sup>2</sup> They face disproportionate insurance deductibles relative to pay,<sup>3</sup> the

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<sup>1</sup> McAfee, Andrew, and Erik Brynjolfsson. *Machine, Platform, Crowd: Harnessing Our Digital Future*. W.W. Norton & Company, 2017.

<sup>2</sup> Weiner, Joann. "The Hidden Costs of Being an Uber Driver." *The Washington Post*, WP Company, 20 Feb. 2015,

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phantom boss dilemma,<sup>4</sup> and the inability to set their prices and accept payments for service.<sup>5</sup> With literally no control over the cash flow of their businesses, gig-workers are failing to save for retirement.<sup>6</sup> Despite Uber and Lyft leading the unicorn IPO parade, as many platforms seek to open up to public investors in 2019 and before the next recession,<sup>7</sup> the ridesharing giants are spending copious amounts of money to reduce prices for riders,<sup>8</sup> while drivers struggle with pay below minimum wage.<sup>9</sup>

The objective of a platform business is to reduce market frictions between consumer types. Uber and Lyft facilitate communication linkages between drivers and riders, and as a result, efficiently supply the demand for transportation services. However, platform businesses must recognize the demands of consumer types on their marketplace depend on each other. In other words, if GPS software routes the ride incorrectly (which does happen from time to time), it could have a detrimental effect on the ride-hailing network. Running a transportation company as a platform business is undoubtedly challenging; however, that does not excuse the harmful market frictions Uber and Lyft are causing drivers.<sup>10</sup> Yes, I am going to graduate school. No, I do not plan to drive professionally for the rest of my life. However, I would like health insurance while I am attending school. I would like to repair my brakes when necessary, not wait until I have enough room on my credit card.

My contract with Uber and Lyft states that I am an independent contractor. However, factor number five of the Economic Realities Test evaluates whether a

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[www.washingtonpost.com/news/get-there/wp/2015/02/20/the-hidden-costs-of-being-an-uber-driver/?utm\\_term=.888a9292fbf0](http://www.washingtonpost.com/news/get-there/wp/2015/02/20/the-hidden-costs-of-being-an-uber-driver/?utm_term=.888a9292fbf0).

<sup>3</sup> Campbell, Harry. "Could Lyft Drivers Be On The Hook For A \$2,500 Deductible?" *The Rideshare Guy Blog and Podcast*, 11 Nov. 2014, [therideshareguy.com/could-lyft-drivers-be-on-the-hook-for-a-2500-deductible/](http://therideshareguy.com/could-lyft-drivers-be-on-the-hook-for-a-2500-deductible/).

<sup>4</sup> Mak, Aaron. "The Weird Phantom Boss Dynamic of the gig-economy." *Slate Magazine*, Slate, 30 Aug. 2018, [www.slate.com/human-interest/2018/08/uber-drivers-reflect-on-the-weird-phantom-boss-dynamic-of-the-gig-economy.html](http://www.slate.com/human-interest/2018/08/uber-drivers-reflect-on-the-weird-phantom-boss-dynamic-of-the-gig-economy.html).

<sup>5</sup> The Office of Commissioner Nick Fish. "Supporting TNC Drivers." The Website of Nick Fish Commissioner, City of Portland, The City of Portland, 22 June 2018, [www.portlandoregon.gov/fish/article/682212](http://www.portlandoregon.gov/fish/article/682212).

<sup>6</sup> Grant, Kelli B. "Self-Employed Workers Fall behind on Retirement Savings." *CNBC*, CNBC, 22 Mar. 2017, [www.cnbc.com/2017/03/22/gig-workers-falling-behind-on-retirement-savings.html](http://www.cnbc.com/2017/03/22/gig-workers-falling-behind-on-retirement-savings.html).

<sup>7</sup> Rushe, Dominic. "Stampede of the Unicorns: Will a New Breed of Tech Giants Burst the Bubble?" *The Guardian*, Guardian News and Media, 30 Mar. 2019, [www.theguardian.com/technology/2019/mar/30/lyft-ipo-stock-market-unicorns-uber-airbnb-slack](http://www.theguardian.com/technology/2019/mar/30/lyft-ipo-stock-market-unicorns-uber-airbnb-slack).

<sup>8</sup> Pender, Kathleen. "How Much of Your Fare Goes to Uber and Lyft Drivers? You'd Be Surprised." *SFChronicle.com*, San Francisco Chronicle, 9 May 2019, [www.sfchronicle.com/business/networth/article/For-a-driver-s-pay-what-s-fair-in-an-Uber-13830931.php](http://www.sfchronicle.com/business/networth/article/For-a-driver-s-pay-what-s-fair-in-an-Uber-13830931.php).

<sup>9</sup> "Uber Just Admitted That Its Pay Policy Will Make Drivers Even More Unhappy. Here's How That Could Affect Your Future Rides." *Money*, [money.com/money/5641753/uber-pay-policy-drivers-unhappy-riders/](http://money.com/money/5641753/uber-pay-policy-drivers-unhappy-riders/).

<sup>10</sup> Evans, David S., and Richard Schmalensee. *Matchmakers: the New Economics of Multisided Platforms*. Harvard Business Review Press, 2016.

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person has performed work as an employee or an independent contractor by measuring the following:

*“The degree to which the worker's opportunity for profit and loss is determined by the alleged employer.”<sup>11</sup>*

I have no control over my pricing. Everyday, I compete with an untold number of drivers vying for an untold number of rides. Some days are good, others are awful. I do not generate enough cash flow to cover my expenses on a bad day. In fact, if it weren't for access to school loans, a credit card, and equity on my car I earned by paying more than the minimum installment, maintenance costs would have killed my Uber and Lyft business. The threat still looms, especially when I do not know how to pay for tax accounting services and gas prices continue to rise.

Let's be honest with ourselves; Uber and Lyft are start-up companies. They were founded in 2009 and 2012 respectively. The State of Oregon was founded in 1859. Many drivers enjoy working for Uber and Lyft, and I do as well. However, over the long term, I am deeply concerned about the future sustainability and viability of Oregon's working class if Uber and Lyft continue their dominance over our working conditions. The precedence it establishes I find troubling. Finally, the drivers have obtained support from the City of Portland through the creation of a wage board. The wage board “is a community oversight group made up of TNC representatives, drivers, consumers, and regulators. The goal is to give drivers a voice in the workforce.”<sup>12</sup> Unfortunately, HB 3023 A includes a pre-emption rule that will prevent local communities from enacting ordinances on TNCs. I cannot help but feel undermined. I want to be a real driver partner of Uber and Lyft. I want to remain an independent contractor, but I must have the financial means to operate.

Stacy Brown-Philpot, the chief executive of TaskRabbit, another gig economy start-up, sees opportunity in launching an IPOs, saying, “It's going to invite an expectation of transparency and an expectation of scrutiny.” She also described the IPO process as “helpful” and “healthy” in shaping future growth.<sup>13</sup> Now that Uber and Lyft are public companies, annually losing \$1.8 billion<sup>14</sup> and \$911 million<sup>15</sup>

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<sup>11</sup> “Employee or Independent Contractor: the Economic Realities Test.” *WH-FS-101-Economic-Realities*, [www.oregon.gov/boli/WHD/Pages/FactSheets-FAQs/WH-FS-101-Economic-Realities.aspx](http://www.oregon.gov/boli/WHD/Pages/FactSheets-FAQs/WH-FS-101-Economic-Realities.aspx).

<sup>12</sup> Law, Steve. “Portland City Council Endorses New Worker Board for Uber, Lyft Drivers.” <https://Joomlakave.com>, 23 May 2018, [pamplinmedia.com/pt/9-news/396465-290376-portland-city-council-endorses-new-worker-board-for-uber-lyft-drivers](http://pamplinmedia.com/pt/9-news/396465-290376-portland-city-council-endorses-new-worker-board-for-uber-lyft-drivers).

<sup>13</sup> Wolfe, Alexandra. “TaskRabbit CEO Stacy Brown-Philpot's Task: Expansion.” *The Wall Street Journal*, Dow Jones & Company, 4 Aug. 2017, [www.wsj.com/articles/taskrabbit-ceo-stacy-brown-philpots-task-expansion-1501875939](http://www.wsj.com/articles/taskrabbit-ceo-stacy-brown-philpots-task-expansion-1501875939).


<sup>14</sup> O'Brien, Sara Ashley. “Uber Says It Lost \$1.8 Billion in 2018.” *CNN*, Cable News Network, 15 Feb. 2019, [www.cnn.com/2019/02/15/tech/uber-2018-financial-report/index.html](http://www.cnn.com/2019/02/15/tech/uber-2018-financial-report/index.html).

<sup>15</sup> “Lyft Is Wildly Unprofitable and Lost \$911 Million Last Year - Here's How Other Unprofitable Companies Fared after They Went Public | Markets Insider.” *Business Insider*, Business Insider,

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dollars respectively, perhaps it's time for government to step in demand the same level of transparency and scrutiny investors want. What if Uber and Lyft become unicorns that go bust? What if they spur on the next recession? The gig-economy is new, and it does have potential, but getting the recipe right between all players involved likely requires more than a couple sets of eyes. Therefore, HB 3023 A is a bad proposal for Oregon and its future. We need democracy and intelligent regulation. Please vote no on HB 3023 A. I believe HB 3379 is much more deserving of your attention.

Sincerely,

A handwritten signature in black ink, appearing to read 'Collin S. Ferguson', with a long horizontal flourish extending to the right.

**Collin S. Ferguson**