

Partnership for Working Families comments to the FTC
On Sharing Economy Policy - August 4, 2015

The Partnership for Working Families is a national network of nonprofit advocacy organizations that create good jobs, solve environmental problems, and strengthen communities in America's largest cities. We collaborate with visionary urban policy makers to craft and build support for public policy that creates true economic and environmental sustainability. We're concerned about the negative impact that "sharing" or "on-demand" companies have on consumers, businesses, renters, and the urban workforce.

At their core, many on-demand companies appear to have a business model that rests on competing with traditional industry sectors while avoiding compliance with those sectors' regulatory regimes.

As documented in a recent study¹ by our Los Angeles affiliate, the Los Angeles Alliance for a New Economy, AirBnB appears to derive a significant portion of its revenue from professional managers who operate multiple properties, effectively creating decentralized hotels. The proliferation of professionally managed properties is likely to limit the availability of rental housing in a city already facing a significant shortfall in residential development. Furthermore, customers at these properties are not protected by the same health and safety and consumer protection regulations that apply to hotel customers.

Uber and other Transportation Network Companies effectively function as taxi services, while avoiding compliance with the extensive regulations that cities have put in place to ensure safe and secure rides for passengers, access to transportation for people with disabilities, and fair rate structures.

Many on-demand companies classify their workers as independent contractors, even as their app-based dispatch platforms effectively dictate the terms of their employment. Companies that avoid responsibility for compliance with minimum wage, workers comp, Social Security, health and safety and other workplace protections exacerbate inequality in our cities, undermining long established public policy goals.

Finally, some on-demand companies pursue an "enter first, comply later... or change the rules" approach to municipal regulations when entering new markets. Many cities have invested years of effort and thought in crafting a broad range of policies designed to

¹ <http://www.laane.org/wp-content/uploads/2015/03/AirBnB-Final.pdf>

improve livability and equity. On-demand companies disregard for the role of municipalities in setting such policy threatens to reverse progress and undermine cities key role in managing and regulating their own economy and environment.

We urge the FTC to thoroughly investigate the on-demand economy's impact on urban workers, small businesses, renters, and consumers. In particular, we urge the FTC to pursue action in three key areas:

- 1) Ensure a level regulatory playing field between on-demand companies and established industries in their sectors.
- 2) Require that on-demand companies supply municipalities and the public with the data needed to fully understand the impact of their operations and develop effective regulatory responses.
- 3) Ensure a level playing field for on-demand workers by requiring that on-demand companies meet their full obligations as employers, regardless of what platform or app-based dispatch system is used, and regardless of technical employment classification.

We look forward to further discussion with the FTC and applaud your initiative and leadership in diving into these important issues.