Testimony in Opposition to LD 877:
"An Act to Require Transportation Network Companies to Provide Fair Wages to Drivers"

Senator Tipping, Representative Roeder, and the distinguished members of the Committee on Labor, my name is Harris Van Pate, and I am a policy analyst at Maine Policy Institute, a nonprofit, nonpartisan organization that works to advance individual liberty and economic freedom in Maine. Thank you for the opportunity to submit testimony in opposition to LD 877.

While well-intentioned, this bill represents a significant expansion of state price-setting authority into a competitive, technology-driven market—without a demonstrated market failure and with foreseeable harm to consumers, workers, and service availability across Maine.

LD 877 is a direct government price control

LD 877 does not improve transparency or address fraud. It mandates a state-determined compensation formula—down to the cents-per-mile and cents-per-minute level—indexed to inflation. This is an industrial wage regulation for a specific business model, not a neutral labor standard.

Price controls distort markets. When the state sets floors disconnected from demand, the result is not higher real earnings—it is higher prices, reduced service, and fewer opportunities for the very workers the bill claims to help.

The bill undermines independent contractor flexibility

Transportation network companies operate on a flexible, contractor-based model valued by drivers who choose when, where, and how much to work. LD 877 regulates compensation with the precision typically reserved for employees while leaving contractor status formally intact.

This mismatch creates legal and operational instability. When the state dictates pay structures this tightly, it invites reclassification pressure, litigation risk, and compliance costs that ultimately reduce flexibility and earnings opportunities.

Rural and low-density Maine will be hit hardest

Maine's ride-share market is not like Boston's or Seattle's. Outside urban centers, margins are thin, and demand is sporadic. Mandated rate floors will:

- Increase rider prices
- Reduce driver availability
- Lengthen wait times
- Encourage platforms to reduce or exit marginal service areas

This bill will disproportionately harm rural residents, seniors, and low-income users who rely on ride-share services where alternatives are limited or nonexistent.

Automatic inflation indexing removes accountability

LD 877 includes an annual CPI-based escalator. Once enacted, compensation mandates will rise automatically, regardless of market conditions, consumer demand, or platform viability.

This locks in cost growth while eliminating future legislative review—a structure MPI consistently opposes across policy areas.

No documented market failure justifies intervention

The bill offers no evidence of:

- Systemic underpayment
- Deceptive contracting
- Barriers to entry
- Consumer harm requiring price regulation

Conclusion

Absent a clear failure, state-mandated pricing is unjustified. Competitive markets—not statute—are better suited to balance pay, prices, and service levels.

For these reasons, the Maine Policy Institute urges the Committee to vote Ought Not to Pass.

Thank you for your time and consideration.