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Testimony Neither for Nor Against LD 877: Minimum Rate for Transportation Company Drivers

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Good morning Senator Tipping and Representative Roeder, and honorable members of the Labor committee. My name is Catherine Buxton and I am a policy advocate with Maine Equal Justice and represent the Peer Workforce Navigator network, a coalition of community-based organizations across the state dedicated to ensuring unemployed and under-employed workers have better access to public benefits, education, and good, stable jobs.

While we are testifying neither for nor against LD 877 today, I want to laud Representative Sato for jumpstarting this effort to ensure fair pay for rideshare drivers, as this would make a huge difference for the low-income workers supported by our Peer Workforce Navigators. While we strive to connect individuals to full-time employment with benefits, we understand that the current economic reality is such that many people still feel they need to turn to gig work, full or part-time, to supplement their income and support their families. As we work to change the economic circumstances for all workers in Maine, policies like LD 877 offer a much needed check on companies like Uber and Lyft whose business practices are a continual race to the bottom in an effort to pay Mainers as little as possible for their valuable time and labor.

While the average Mainers faces a cost-of-living crisis, Silicon Valley billionaires continue to whittle away at the traditional job market, replacing full-time service jobs with subcontracted “gig work” that promises flexibility but rarely delivers the stability that families need. These companies market their “jobs” as a way to make a few extra dollars here and there, but we know that, according to the US Bureau of Labor Statistics, over 60% of app-based workers rely on gig work for their primary income.¹ Yet many of these workers report that they would *prefer* full-time employment if they

¹ Bureau of Labor Statistics, U.S. Dep’t of Labor, Electronically Mediated Work: New Questions in the Contingent Worker Supplement, *Monthly Labor Rev.* (Sept. 2018), <https://www.bls.gov/opub/mlr/2018/article/electronically-mediated-work-newquestions-in-the-contingent-worker-supplement.htm>.

could find it. (This is especially true for drivers of color.)² Meanwhile, TNC promise overblown earnings, when in reality drivers' take home pay is often well below minimum wage, as has been documented across mainstream media for years.³

As Rep Sato mentioned, LD 877 is not an unprecedented measure by any means - earnings floors have been established in cities and states from Florida to Texas, Massachusetts to Washington. There is a large body of research and advocates for these policies, and I would be happy to connect this committee to advocates as you pursue this important change. In addition to working with national advocates, **more effort should be made to engage Maine app-based workers in crafting this legislation to ensure that the law reflects their current and future wants and needs.**

Hiring drivers as contractors enables TNCs to push not only their tax obligation onto workers, but also on-the-job costs like gas, cleaning, and wear-and-tear on a drivers' personal vehicle. We all know what a Maine winter can do to someone's car, and those repairs come at a deep cost for drivers who spend most of their time on the road. The wage thresholds in LD 877 are a good start – a 2021 survey found that uber drivers nationally made only \$9.21 per hour after expenses. **However the proposed minimum which would equal \$20.40 per hour is well below Maine's living wage -** which is roughly \$24 per hour for a single adult, and over \$28 per hour for a family with two children and two working adults.⁴ State and federal income tax alone would reduce drivers' earnings under LD 877 to below the state minimum wage of \$15.01, before we even account for driver expenses and fees paid to TNC operators. It is unclear from the language proposed if the minimum rates in statute are inclusive of fees charged by the company or state/municipality on drivers to operate within the network. Likewise, the proposed minimum does not include paying the driver for their travel time to pick up riders, only the time spent on the ride, which means drivers will incur costs without compensation before their minimum pay rate is applied.

Establishing a minimum income is a starting point, but TNC drivers need more. As contractors, drivers are not afforded any fair labor protections offered to standard employees.

² McKinsey & Company. (2021). *Unequal America: Ten insights on the state of economic opportunity*. <https://www.mckinsey.com/featured-insights/sustainable-inclusive-growth/unequal-america-ten-insights-on-the-state-of-economic-opportunity>

³ Maya Kosoff, "Uber Drivers Speak Out: We're Making a Lot Less Money than Uber is Telling People," Business Insider, (Oct. 29, 2014), <http://www.businessinsider.com/uber-drivers-say-theyre-making-less-than-minimumwage-2014-10>; Seth Sandronsky, "I'm Making Only \$2.64 an Hour Working as an Uber Driver, Capital and Main, (Sep. 23, 2015), <https://www.alternet.org/labor/im-making-only-264-hour-working-uber-driver>; and Caroline O'Donovan, "How Much Uber Drivers Actually Make per Hour," Buzzfeed News, (Jun 2016), Conger, K. (2024, December 13). Uber and Lyft drivers in New York City face lockouts amid wage disputes. *The New York Times*. <https://www.nytimes.com/2024/12/13/nyregion/uber-lyft-lockouts-wages-nyc.html>

⁴ Massachusetts Institute of Technology. (n.d.). *Living wage calculation for Massachusetts*. MIT Living Wage Calculator. Retrieved January 13, 2026, from <https://livingwage.mit.edu/states/23>

National research suggests the vast majority of TNC drivers are immigrants and people color⁵ – populations that face outsize threats of discrimination and racialized violence. Any version of this new law should provide adequate protection from discrimination, including a way for drivers to adjudicate claims of discrimination against both riders and the company. Drivers should also have access to workers compensation insurance for the numerous on-the-job risks associated with driving. Labor protections should also include protection from unwarranted “firings” or “deactivation” and “lockouts” initiated by app-based services. This is modeled in other states. In Massachusetts, a settlement between the state attorney general and TNC companies ensured not only minimum pay for drivers, but also made drivers eligible for a health care stipend, earned sick time, and paid leave.

Any proposed legislation should codify drivers’ right to unionize. Across the country from Seattle to Massachusetts, local unions and drivers have fought to enshrine this right in city ordinances or state law. Maine’s legislation should make explicit that drivers have the right to organize and collectively bargain. Massachusetts and Washington both offer good examples.

Lastly, I urge the committee to consider including not just TNC drivers in this legislation but all app-based workers, from food delivery workers for companies like DoorDash and UberEats, to Amazon or Shipt drivers as well. Gig work is seeping into every industry, and as the Labor Committee, you have a duty to ensure that Mainers’ financial stability is not preyed upon while multi-national corporations maximize their profits at all costs.

Thank you for your time and I am happy to answer any questions as best I can.

⁵ National Employment Law Project. (2018). *Uber state interference: How transportation network companies buy, bully, and bamboozle their way to deregulation* (Report). <https://www.nelp.org/app/uploads/2018/01/Uber-State-Interference-How-Transportation-Network-Companies-Buy-Bully-Bamboozle-Their-Way-to-Deregulation.pdf>