Lyft loses effort to block NYC’s driver wage rule

Lyft’s effort to block New York City’s first-in-the-nation minimum wage rules for drivers was blocked by a state judge Wednesday, according to *Business Insider*. Judge Andrea Masley ruled that Lyft’s lawsuit, which was filed in January, was insufficient to overturn the law that went into effect February.

Under the law that went into effect in February, ride-hail companies must pay drivers at least $17.22 an hour after expenses. The pay formula uses a so-called utilization rate, which accounts for the share of time a driver spends with passengers in their vehicles compared to time spent idle and waiting for a fare.

Lyft claims that it supports the spirit of the law
Lyft claims that it supports the spirit of the law to raise wages for drivers, but opposes the formula used to ensure higher payouts. As of now, all for-hire vehicles in New York City must use the industry rate of 58 percent. But after a year, Uber will be able to petition for a higher utilization rate thanks to its larger size. Lyft and another ride-hailing company Juno filed separate lawsuits arguing that the new law would put them at a competitive disadvantage to Uber.

The economists that crafted the rule argue that occupied cars are good for keeping traffic moving and drivers paid, but Lyft and Juno claim that they cannot keep drivers as busy as Uber because of their comparative size. Those companies say they fear getting stuck in a downward spiral if they have a lower utilization rate.

“The TLC’s rules have hurt earning opportunities for drivers, and will diminish competition that benefits drivers and riders,” a Lyft spokesperson said. “We will continue fighting to provide the best experience for drivers and riders in New York City.”

Driver groups cheered the judge’s ruling. “The judge’s message today is clear,” said Independent Drivers Guild founder Jim Conigliaro Jr. “If ride-hail companies want to operate in New York City, they need to pay drivers fairly and follow our minimum wage laws. This is a proud day for drivers who organized with the Guild for years, taking on Silicon Valley behemoths, to win this historic pay protection.”

Uber and Lyft both recently stopped accepting new drivers on their respective platforms in New York City. They both cited new rules that penalize companies for running too many cars without passengers on city streets. The higher a company’s utilization rate, the less it has to pay drivers to meet the new wage floor requirement. The rules were intended to increase pay for drivers, while also addressing what many saw as an oversaturated market in New York City.

https://www.theverge.com/2019/5/1/18525715/lyft-loses-lawsuit-overturn-nyc-driver-wage-law