



# Seattle Becomes First City in U.S. to Allow Uber Drivers to Unionize

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In December 2015, the Seattle City Council unanimously voted in favor of legislation that expressly permits drivers for Uber, Lyft and other ride-hailing services to unionize. Drivers for these companies, who are treated as independent contractors, will now be given the opportunity to join a union and permitted to collectively bargain with the companies, a right that is traditionally only afforded to employees. Seattle is the first major city in the country to approve this type of legislation.

“This legislation is a huge victory for all the underpaid workers seeking to rebuild the labor movement and fight for a decent life,” said Councilmember Kshama Sawant. “Massive corporations such as Uber, Lyft, FedEx and others exploit loopholes around independent contractors to try and prevent workers from unionizing.”

However, the new legislation is expected to be strongly challenged in the courts by Uber and Lyft. These ride-hailing companies are expected to argue that the National Labor Relations Act (“NLRA”) preempts Seattle’s new legislation. Under the NLRA, employees in the private sector, but not independent contractors, are guaranteed the right to collectively bargain about wages, hours, and working conditions. In a statement given after the vote, the U.S. Chamber of Commerce challenged the new Seattle law on these grounds, stating that the legislation “violates federal law in at least two ways” and threatens to “burden innovation, increase prices, and reduce quality and services for consumers.” The Chamber’s chief legal officer, Lily Fu Claffee, cited Congressional amendments to the NLRA that “expressly excluded independent contractors from collective-bargaining requirements.” However, proponents of the new law argue that states are free to provide greater rights within their jurisdictions that are provided under Federal law. For example, while the NLRA explicitly excludes agricultural workers, states such as California have granted bargaining rights to such workers similar to the NLRA.

Opponents may also challenge the statute on antitrust grounds. Such laws generally prohibit competitors from joining together to jointly set terms and conditions of employment or set prices.

After the vote, a spokeswoman for Lyft also opined that the new legislation “threatens the privacy of drivers, imposes substantial costs on passengers and the city and conflicts with longstanding federal law.” Moreover, the mayor for Seattle, Ed Murray, who did not sign the bill because he is concerned about unknown costs and burdens, stated that the ordinance includes “several flaws, especially related to the relatively unknown costs of administering the collective bargaining process and the burden of significant rulemaking the Council has placed on City staff.” “I said consistently during this debate that I support the right of workers to organize to create a fair and just workplace.”

The initiative to unionize drivers for ride-hailing service companies in Seattle was led by App-Based Drivers Association, a local group representing hundreds of drivers, and Teamsters Local 117, which represents 16,000 employees in Washington State. After the Seattle City Council voted in favor of the law, the spokeswoman for Teamsters Local 117 stated that other drivers in New York, Kansas, North Carolina, Connecticut, and Hawaii have reached out to Teamsters Local 117 regarding their own initiatives to push for drivers' labor rights in their states.

If Seattle's new law withstands judicial scrutiny, it could have broad implications for independent contractors and their ability to collectively bargain against their employers. Employers are advised to pay close attention to the shifting trend in unionization, as it has the ability to have significant practical as well as legal implications for employers across the country.

*If you have any questions or concerns regarding education or employment related issues, please contact Thomas B. Wassel at [twassel@cullenanddykman.com](mailto:twassel@cullenanddykman.com) or at 516-357-3868.*

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