

## ***Victory for Lyft and Uber as California appeals court rules they CAN continue to treat drivers as contractors rather than employees - just hours after rideshare app threatened to suspend services in the state at midnight***

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### **Body**

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- Lyft and Uber will continue to treat drivers as independent contractors rather than employees in California, an appeals court announced Thursday
- The emergency stay was issued hours after Lyft announced it would suspend operations in the state starting at midnight
- It comes a week after a state judge ruled that Lyft and Uber violated California law by not treating drivers as employees with full benefits
- In May the state of California sued the two ride-sharing apps alleging that drivers should be classified as employees eligible for sick days and accident insurance
- Now the companies have until August 25 to file statements agreeing to reclassify drivers as employees

Lyft and Uber have avoided a shutdown in California after an emergency court ruling which allows them to continue treating drivers as independent contractors.

Both companies had threatened to shut down at midnight over a ruling forcing them to reclassify their drivers as employees - but a state appeals court granted an emergency stay on Thursday.

The news was met with relief by ride-share users who say they rely on Lyft and Uber for work and doctor's appointments and are reluctant to use public transportation during the pandemic.

Now Uber and Lyft have until 5pm PST on August 25 to file written statements agreeing to expedited procedures to reclassify drivers as employees.

The two companies are also backing a ballot measure in November that would preserve the contractor status which Uber and Lyft say is favored by the vast majority of drivers.

Lyft shared an updated statement hours after announcing it would halt operations saying, 'Rideshare is ON.'

'The California court has granted our request for a further stay, so our rideshare operations can continue uninterrupted, for now. Thanks to the tens of thousands of drivers, riders, and public officials who urged California to keep rideshare available for so many people who depend on it,' the statement said.

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One Los Angeles resident, Paola Herrera, was among those who welcomed the news last night.

'I rely so much on Lyft and Uber for my doctors appointments so I feel relieved. Thank God! Immunocompromised girl over here.,' she said.

A customer called Kaleb said: 'I rely on them to get around for my job and the idea of them shutting down genuinely scared me.'

Another California resident said she had had to sell her car last year and was unwilling to use public transportation during the current health crisis.

'I've used Lyft a lot and I hope something can be worked out,' she said.

Several workers had voiced fears that they or their relatives would lose their jobs if they could not rely on Uber and Lyft to get to work.

One resident said the shutdown would have led to 'skyrocketing prices for non public transport'.

'My boyfriend would have to quit his job because the bus takes hours to get to his job. I'm losing my patience with this state and this country,' they said.

Others had voiced fears of what would happen at California airports including Los Angeles International, one of America's busiest airports.

'LAX is completely designed around Uber and Lyft picking up travelers and taking them home,' one investor warned.

San Diego mayor Kevin Faulconer said the shutdown would have caused 'financial calamity for hundreds of thousands of Californians'.

Matt Haney, a Democratic member of the San Francisco Board of Supervisors, accused Uber and Lyft of 'blackmailing' California voters with the threat of a stoppage.

Both firms are funding the campaign in favor of California's Proposition 22 which would keep drivers classified as contractors but provide benefits such as health care.

Earlier on Thursday Lyft said it was forced to suspend operations, and its stock tumbled by as much as nine percent before recovering.

Uber and Lyft's stocks were both up about six percent following the appeal court's order.

'We are glad that the Court of Appeals recognized the important questions raised in this case, and that access to these critical services won't be cut off while we continue to advocate for drivers' ability to work with the freedom they want,' Uber said in a statement after the stay.

In their initial release Lyft said: 'We don't want to suspend operations. We are going to keep up the fight for a benefits model that works for all drivers and our riders,' Lyft said in a statement published on its blog.

'We've spent hundreds of hours meeting with policymakers and labor leaders to craft an alternative proposal for drivers that includes a minimum earnings guarantee, mileage reimbursement, a health care subsidy, and occupational accident insurance, without the negative consequences,' the statement added.

Uber didn't announce any suspension of operations before the stay was granted.

As of October 1, Lyft had about 305,000 drivers in California who completed trips within the past year, but today's number is likely lower due to the pandemic, as per CNBC.

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Uber said in a recent blog post it had about 209,000 active drivers in California per quarter.

Last week Uber CEO Dara Khosrowshahi said in a MSNBC interview the company's ride-hailing services in California will halt 'at least temporarily' if the order was not changed.

California sued Lyft and Uber in May alleging the ride-share companies were violating the law that requires companies to treat workers as employees rather than independent contractors.

The issues of benefits was exacerbated with the COVID-19 pandemic as employees would be eligible for sick days and other benefits, but contractors are not.

Uber and Lyft, which are both based in San Francisco, argued their technology connects riders and drivers and they're not transportation companies, meaning drivers aren't part of their usual course of business which would deem them employees.

Last week San Francisco Superior Court Judge Ethan Schulman sided with California and gave the companies until Friday to reclassify their drivers as employees.

But the companies said they can't meet that deadline in time.

Critics say the companies had nearly a year to address the mandates in the state's landmark law Assembly Bill 5 (AB5).

AB5 establishes a three-prong test requiring employers to prove contract workers are independent, meaning the laborers must be free from an organization's control or performing work outside the company's core business, which Uber and Lyft failed.

Lyft said it has advocated for a path to offer benefits including a minimum earnings guarantee and a healthcare subsidy for drivers under the status as independent contractors.

Lyft claims that California is pushing an employment model 'that four out of five drivers don't support'.

That model, Lyft says, would reduce service to passengers in suburban and rural areas, result in 80 percent of drivers losing work, capped hourly earnings, and lower-income riders en route to essential jobs and medical appointments would be faced with unaffordable prices.

The ride sharing service says people can vote on a ballot measure in November called **Prop 22** supporting their model.

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