

November 4, 2024

UBER, LYFT on the Ballot

We continue to expect that a Massachusetts ballot measure affecting **Uber** (UBER) and **Lyft** (LYFT) is very likely to pass, but we believe it shows that the gig companies are winning the regulatory battle.

Meanwhile, if Trump wins the White House—regardless of the outcome of the congressional elections—the federal regulatory outlook should be smooth sailing for these companies for the next four years. A Harris victory, though, would continue the overhang of federal regulation, especially with regard to the reclassification of drivers from independent contractors to employees. However, we doubt reclassification happens even in a Harris victory.

Massachusetts ballot Question 3 allows Uber and Lyft drivers to unionize on the state level but continues to classify these workers as independent contractors. Keeping the independent contractor status is key for the gig companies because it means that workers can only collectively bargain at the state level and not federally under the National Labor Relations Act. If independent contractors tried to organize at the federal level, they would likely be in violation of collusion laws.

While earlier this year Uber and Lyft were successful at beating back a challenge to California's Proposition 22, in deep blue Massachusetts these ride-sharing companies aren't even opposing the measure. If Uber and Lyft thought this was materially negative for their business, we would have expected them to throw tens of millions of dollars at trying to kill this ballot initiative, yet they made it clear earlier this year that they wouldn't oppose the initiative. In our view, if the gig economy companies are holding their own in a deep blue state like Massachusetts, the risk over the next few years on the state level, too, is likely fairly low.

Finally, not surprisingly without formal opposition to the Massachusetts measure, polls indicate Question 3 is likely to pass easily; an Emerson College/WHDH poll conducted 10/24-10/26 shows 57% support of the measure, 33% oppose it, and 10% are undecided.

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Uber Technologies Inc (UBER)

Price: \$73.92

52-Week High: \$87.00

52-Week Low: \$46.68

LYFT Inc (LYFT)

Price: \$13.90

52-Week High: \$20.82

52-Week Low: \$8.92

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