

FIRM NEWS

NEW MICHIGAN LIMOUSINE, TAXICAB AND TRANSPORTATION NETWORK COMPANY ACT GOES INTO EFFECT MARCH 21; CLARIFIES EMPLOYMENT STATUS OF UBER AND LYFT DRIVERS

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PROFESSIONALS

Patricia Nemeth

On March 21, 2017, the employment status of drivers working for transportation network companies such as [Uber](#) and [Lyft](#) will become clearer - as long as certain criteria are met. That's the date the new [Michigan Limousine, Taxicab and Transportation Network Company Act](#), defining drivers in these networks as independent contractors, takes effect. Patricia Nemeth, founding partner of Detroit-based management side labor and employment law firm Nemeth Law, P.C., who has been following legal employment issues in the app-based gig economy for several years, notes that reaction among drivers is likely to be mixed.

"Independent contractor status takes the onus off of companies like Uber and Lyft from continually defending themselves and their business model," Nemeth said. "Some drivers appreciate the independent contractor status as acknowledgement that they are entrepreneurial and not tied to stringent rules and hours that accompany traditional employee status. However, others recognize the lack of insured and time-off benefits and arbitrary pricing changes enacted by these companies as limiting, especially when it comes to income planning and handling a slowdown in demand for services."

Nemeth says the "Limousine, Taxicab and Transportation Network Company Act" sets forth several criteria that must be met for independent contractor status to be achieved:

- the transportation network company does not prescribe the hours that the driver must be logged into its program;
- the transportation network company does not restrict the drivers' ability to drive for other companies;
- the transportation network company does not limit or assign territories in which the driver can work;
- the transportation network company does not prohibit a driver from engaging in any other occupation or business; and,
- the transportation network company and the driver agree in writing that the driver is an independent contractor.

Without explicitly referencing the issue, the Act confirms that transportation network drivers, like other independent contractors, are not eligible for unemployment. Nemeth also notes the Act only applies to transportation network companies in Michigan and not other gig-economy companies.

“Employment law in the gig economy is evolving as new worker models take root,” Nemeth said. “Unlike traditional employer/employee relationships, the gig economy worker doesn’t necessarily look the same in different sectors, such as task-driven or freelance services. I expect detailed classification information to develop as the gig economy becomes more mainstream.”

About Nemeth Law, P.C.

Celebrating 25 years in 2017, [Nemeth Law](#) specializes in arbitration, mediation, workplace investigations, employment litigation, traditional labor law and management consultation/training for private and public sector employers. It is the largest woman-owned law firm in Michigan to exclusively represent management in the prevention, resolution and litigation of labor and employment disputes.