



COMMITTEE ON DEMOCRATS
ENERGY & COMMERCE
RANKING MEMBER FRANK PALLONE, JR.

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CONTACT

Christine Brennan — (202) 225-5735

**Statement by Ranking Member Frank Pallone, Jr., as prepared for delivery
House Energy and Commerce Committee
Subcommittee on Commerce, Manufacturing and Trade
Hearing on “The Disrupter Series: How the Sharing Economy Creates Jobs,
Benefits Consumers, and Raises Policy Questions”**

Today this subcommittee has the opportunity to discuss one of the fastest-growing sectors of the U.S. economy. The “sharing economy” is not just millennials hailing rides and renting spare rooms from their phones. In communities across the country, Americans are using their computers and smartphones to order a meal, find a gardener, sell homemade crafts, and even request a dog-sitter.

Just like Google and Facebook before them, businesses like Uber, Lyft, and Airbnb are rapidly evolving from names into verbs. One recent study predicts that the five biggest sectors of the sharing economy generated 15 billion dollars in revenues last year and could exceed 330 billion dollars in a decade. In my home state of New Jersey, Uber has already signed up 9,000 drivers.

These businesses can offer benefits for both buyers and sellers. Some platforms provide temporary access to goods and services that buyers might not be able to otherwise afford. Consumers enjoy the convenience of being able to summon a ride, request a dry-cleaning pickup, or order groceries from a device in their pocket. Sellers can benefit from a new source of income, sometimes just by renting items sitting unused in their basements or garages.

But the growth of the sharing economy has also raised a number of difficult issues. Many services track their users’ location, potentially putting privacy and safety at risk. To verify users’ identities, some apps store credit card information, home and work addresses, and other personal information. Consumers often have no way of knowing if their information is protected from a data breach or if it will be sold to, or shared with, an unknown third party.

In addition, many apps allow both buyers and sellers to view ratings and reviews of past transactions. These reviews can push bad actors out of the market by making sure users are

trustworthy and legitimate. But it can be difficult to tell if these reviews are accurate, and it is unclear whether reviews and rankings alone can protect user safety.

As more Americans seek to provide services in the sharing economy, the question of whether they are employees or independent contractors remains unresolved. Other than the logo on the door, there is little obvious difference between Uber drivers and cab drivers. But for the workers, a lot is riding on the distinctions. Unemployment benefits and overtime pay are just a couple of the workplace protections at stake.

State and local governments across the country are also grappling with the regulatory challenges posed by the growth of the sharing economy, including whether companies are responsible for paying local taxes, providing insurance, or conducting background checks.

The sharing economy is about transforming innovative ideas into services we depend on. But that innovation must be coupled with basic protections for all participants, including worker protections, privacy, data security, and safety. I am confident that we can find a balance that protects consumers while preserving innovation and ensuring a level playing field for businesses. I thank the Chairman for holding this hearing and look forward to hearing from our witnesses.

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