



TaskRabbit

TESTIMONY

of

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TaskRabbit

before the

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“The Sharing Economy: A Taxing Experience for New Entrepreneurs, Part I”

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Mr. Chairman, Ranking Member Velazquez, and members of the House Small Business Committee, I am Rob Willey, Vice President of Marketing for TaskRabbit. Thank you for the invitation to testify today, but more important, thank you for holding today's hearing on a topic that captures the legal, regulatory, and public policy challenges that confront platform companies, as well as the millions of individuals that look to platforms like ours to improve their daily lives.

Our Founder and Executive Chairwoman, Leah Busque, launched TaskRabbit in 2008 as a way to help people connect and get more done every day. We are a pioneer in the on-demand service platform industry, operating in 18 major U.S. cities -- with New York City being our largest domestic market -- and abroad in London, which is our fastest growing market.

We're a two-sided marketplace connecting Taskers with Clients across a variety of categories, such as cleaning, handyman services, delivery, moving, and much more. TaskRabbit's vision is to allow you to be your most productive self, and we're changing the face of work by aligning and meeting a consumer's daily needs across multiple categories, offsetting the demands of their normal lives with consistent and high quality services.

Roughly 60 percent of our Taskers are millennials – young people who see TaskRabbit as a way to earn income while pursuing a college degree, or to supplement the income they are earning from a full-time job. Our community is diverse with a broad set of needs, which is why we have a contractual relationship with our Taskers. By utilizing our platform -- largely through a mobile app but also on the web -- Taskers can directly engage with their clients. We have more than 50,000 registered Taskers on our platform, and see more than 15,000 applications per month with little direct recruiting or marketing. Interest in our platform is largely driven by flexible scheduling and the ability to earn livable wages. Taskers have the freedom to decide when, where, and how they work, and set their own hourly rates.

Flexibility – the ability to work when and where they want, and at the hourly rate they want -- has and continues to be the #1 reason Taskers are on our platform. They set their prices, their hours, and their location, and are able to make livable wages around a lifestyle that works for them. The importance of our two-sided marketplace is that both the customer that seeks a specific service and the Tasker that can provide it, both choose to opt-in to this on-demand platform.

Today's Tasker earns an average of \$35 per hour -- five times the federal minimum wage. The overwhelming majority of our Taskers utilize the platform for part-time work to supplement their incomes, less than 10% "task" full-time. Overall, the average monthly income for Taskers tripled year over year.

It is fitting that today's hearing is in the House Small Business Committee. Whether called "solopreneurs" or "micro-entrepreneurs," our Taskers are in fact, independent, self-employed, small business owners.

The part-time, flexible nature of the work done by our Taskers is consistent with the larger app-based platform economy, and those characteristics, and the factors that gave rise to the platform economy, are important to note given today's hearing. A February 2016 study by the JP Morgan Chase Institute found that the overwhelming majority of the estimated 2.5 million Americans people who earned income as small business owners using platforms like ours did so to supplement their incomes and better support themselves and their families.

With little to no barriers to entry, the on-demand platform economy has become an important option at a time when income volatility continues to challenge individuals and families. Typically, significant fluctuations in take-home pay, work hours, or availability of optimal job opportunities put pressure on individuals to reduce their household spending or take on more debt. The creation of on-demand platforms like ours has made new income-earning opportunities accessible and feasible to millions of Americans.

Of course, the emergence of the platform economy has sparked an, at times, intense debate on the classification of workers as “employees” or “independent contractors,” and the costs and benefits associated with either classification. We know the current legal worker classification structure was designed around a much different economic and technological era. In addition, today’s classification structure has been shaped mostly by decades of regulations and court cases at the federal and state levels, which have fueled uncertainty across our sector – uncertainty about what we can or cannot do to support our Taskers while preserving their flexibility and independence in accessing our platform.

The result: we face very limited choices when it comes to the services and level of collaboration we can provide for our Taskers. With the increase in alternative work arrangements in addition to the emergence of the platform economy, we’re currently in an era where there’s no typical freelancer. There’s no “Joe the Plumber,” -- rather, we see multiple different work models and work cases.

An example of that inability to collaborate and provide support services for our Taskers is in the tax arena. As Professor Caroline Bruckner ably highlighted in her report released just yesterday, self-employed participants in the platform economy have difficulties with both tax compliance and tax benefits. Professor Bruckner’s survey data revealed that significant percentages of respondents did not know what their obligations were with respect to tax filings or taxes owed. They also were not fully aware of the deductions or credits they could claim on income earned on platforms like TaskRabbit.

We at TaskRabbit have no reason to doubt that significant numbers of Taskers are facing or are simply unaware of the tax compliance challenges or the tax benefits that confront them. For many of our Taskers, when they sign up to join our platform, they are making their first forays into the world of small business and self-employment. Some may understand that earning a certain level of income triggers the quarterly estimated payment filing requirement. Many may not.

It's in TaskRabbit's interest to see that our Taskers gain a better understanding of what's required with respect to tax compliance, and what's available with respect to tax benefits. What we want to avoid is a situation in which the burdens of tax compliance become so great that it forces Taskers to scale back on their tasks, if not compel them to leave the network altogether. What we hope to ensure are situations in which tax compliance is not burdensome, and full utilization of tax benefits helps maximize return on Tasker participation in the network.

Tax compliance is just one area of many where our Taskers could benefit from better training. Our Taskers also are looking for direction on how to better market themselves and their services, access health care, and plan for retirement. We at TaskRabbit would like to be a resource, a partner, and a collaborator for that training – it is one of our main areas of focus in determining what types of services we can provide for our Taskers. We hesitate to pursue the kinds of training services we want to provide simply because the threat of litigation and the risks tied to worker classification laws and regulations at the federal and state level are real.

I agree with the recommendations of my fellow witnesses that these issues should be considered by Congress and relevant government agencies, such as the U.S. Department of Labor and the Internal Revenue Service. It is certainly worth Congress considering the notion of a legal and regulatory timeout suggested by Dr. Joe Kennedy with the Information Technology Industry Foundation. There is precedent for that kind of action.

In the early years of the Internet, Congress imposed a moratorium on federal and state taxation of Internet transactions. Doing so helped a young, nascent sector of the economy develop and provide real benefits for consumers. A limited period of legal and regulatory relief would enable platform economy companies to pursue innovative ways to develop and provide services and benefits to those small business owners and entrepreneurs who utilize platform services.

If a broad timeout like the one I just described will take time for Congress to consider, perhaps a narrow timeout tied to a specific set of issues, including tax compliance, preparation, and benefits, could serve as an initial pilot project to demonstrate feasibility and effectiveness, while providing real value to those who provide on-demand services in the platform economy. In addition, we urge both Congress and the Internal Revenue Service to consider ways to bring greater flexibility in tax preparation and compliance for small businesses and the self-employed.

Though TaskRabbit pioneered this industry, this space is still very early and emerging. We absolutely want to continue working with governments to engage with policymakers as our company and industry grows and matures. We consider this engagement rewarding on many levels. Just last month, for example, we announced our intent to follow the diversity principles outlined by the Congressional Black Caucus in its TECH 2020 initiative, and we're proud to have been the first technology company to adopt these principles.

Mr. Chairman and Ranking Member Velazquez, we appreciate today's hearing, and your and the Committee's interest in taking the time to understand our business and how it's changing the face of work, and how public policies can impede or further that advancement. There is already bipartisan interest in the platform economy, as evidenced by last year's formation of the Sharing Economy Caucus, co-chaired by California Congressmen Darrell Issa and Eric Swalwell. We also applaud the House Republican and Democratic leaders, Kevin McCarthy and Nancy Pelosi, for taking a closer look at the public policies impacting the platform economy.

We hope we can channel this bipartisan energy toward constructive policy solutions that will further enable TaskRabbit and the platform economy to continue to innovate and grow, and further empower small business owners and entrepreneurs to efficiently and effectively provide important services across the country.

Thank you.