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WHAT HAPPENS WHEN WORKERS' INCOME GETS CUT OFF?

AN ANALYSIS OF THE IMPACT OF HB 25-1291

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ABOUT THE AUTHOR



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Thomas brings a wealth of experience at the touch points of economics including economic forecasting, econometrics, investing, public economics, survey research, and cost-benefit analyses to name a few. He received his Ph.D. in Business Economics, Industrial Organization, Econometrics, and Finance from the University of Utah.

ABOUT COMMON SENSE INSTITUTE

Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Colorado's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Coloradans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed about issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the economy and individual opportunity.

TEAMS & FELLOWS STATEMENT

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take advocacy positions.

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KEY POINTS

- Working in the state are approximately 34,900 rideshare drivers as of April 2025.
- The 34,900 rideshare drivers earned an estimated \$61 million in April.
- Annualizing these figures, rideshare drivers will earn approximately \$745 million in net income in 2025, up from an estimated \$661 million in 2024.
- There is a clear correlation between the introduction and widespread use of *Transportation Network Company* services and the decline in DUI arrests.
 - > In late 2014, the number of DUI arrests was floating at just above 2,000 per month.
 - > Fast forward to late 2018, and the number of DUI arrests declined to around 1,700 per month.
 - > Fast forward to today, and the monthly DUI arrests are down to around 1,200 per month.
- Cutting off income for workers in the *Transportation Network Company* sector will, by 2030, result in:
 - > Lower employment by 46,027.
 - > Reduced GDP by \$4.7 billion.
 - > A drop in Output (business sales) by \$7.7 billion.
 - > A decline in Personal Income of \$3.8 billion.

BACKGROUND

[HB25-1291](#)ⁱ proposes to increase protections for persons engaged with transportation network companies (TNCs). In response to the original version of the bill, the largest rideshare business mentioned leaving the state if the regulations contained in the bill became lawⁱⁱ. The bill may be going through changes – as of writing, the bill requires:

- Mandatory criminal background checks for drivers every six months.
- A process for deactivating drivers deemed a relevant risk and a process for appeal/review.
- Mandate continuous audio and video recording of prearranged rides with notification.
- Mandate data submissions to the Public Utilities Commission.
- Authorizes civil proceedings for failure to comply with the bill.
- Mandates training.
- Mandates the ability to refuse prearranged rides.
- Prohibits certain changes to a TNC's driver or rider rating.
- Prohibits a driver from selling food or beverages to another driver or rider.

DATA

As important data points, the following two figures (Figure 1 and Figure 2) contain the estimated number of rideshare drivers from 2015 to 2025 and their associated income.

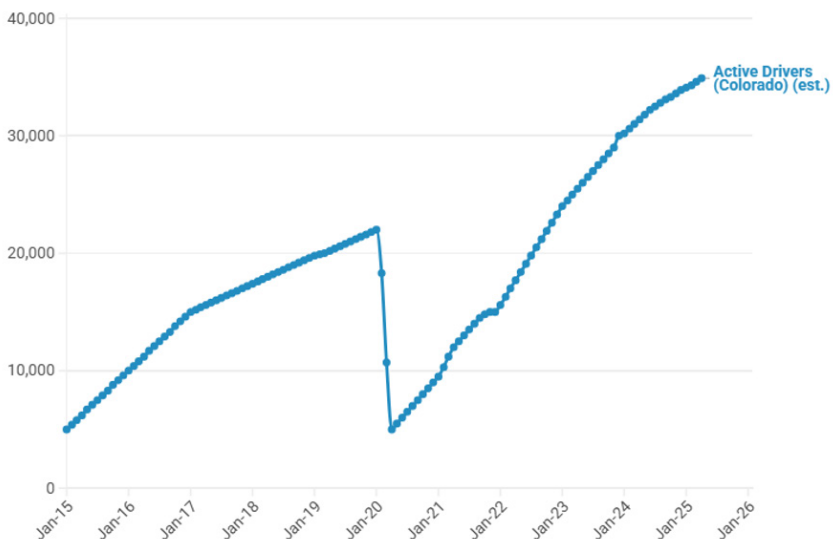
Overall, there are an estimated 34,900 rideshare drivers working in the state.

Switching to income, the estimated 34,900 rideshare drivers earned an estimated \$61 million in income in April 2025ⁱⁱⁱ, up from an estimated \$6 million in January 2015.

Projecting forward through 2025, rideshare drivers will earn a net income of approximately \$745 million in 2025, up from an estimated \$661 million in 2024.

FIGURE 1

Rideshare Drivers in Colorado, 2015-2025, Estimated

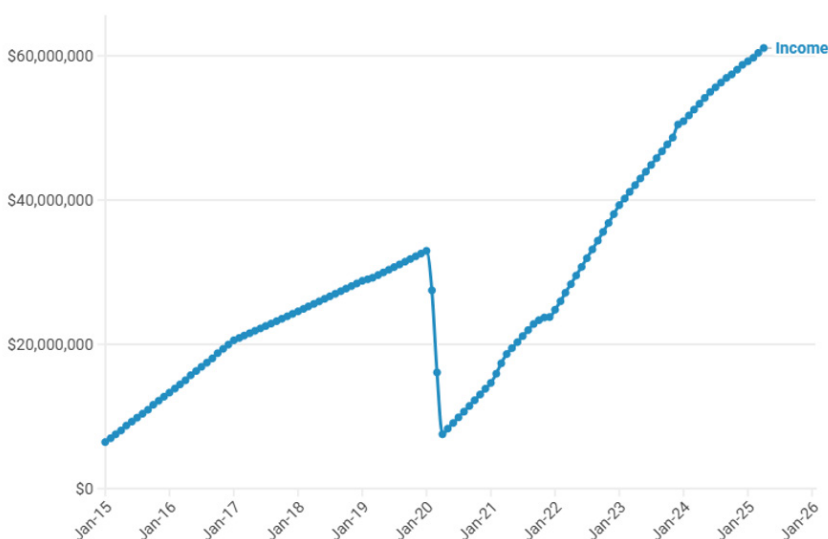


Source: CSI research and analysis from various sources.



FIGURE 2

Earnings of Rideshare Drivers in Colorado, 2015-2025, Estimated Monthly Net Total



Source: CSI research and analysis from various sources., Business Insider



THE EFFECT ON DRIVING UNDER THE INFLUENCE

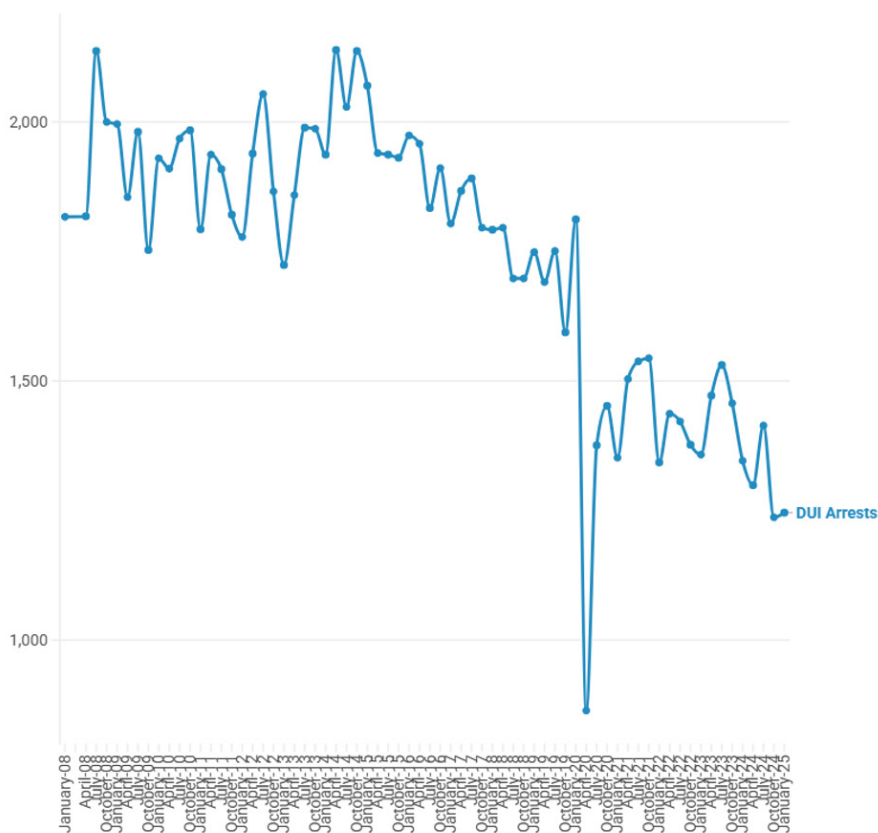
By having more options for transportation services, drivers have avoided and continue to avoid problems with driving under the influence (DUIs) (see Figure 3).

As an example, consider when one of the largest ridesharing apps entered the Colorado market and when it became available across the state. When Lyft was introduced in the state, DUI arrests were floating above 2,000 per month. Arrests for DUI have since floated downward.

When Lyft was available throughout the entire state, DUI arrests were down to around 1,700 per month. Since then, DUI arrests have declined further to around 1,200 per month.

FIGURE 3

Arrests for DUI, 2015-2025



Source: Colorado Crime Statistics



ECONOMIC IMPACT

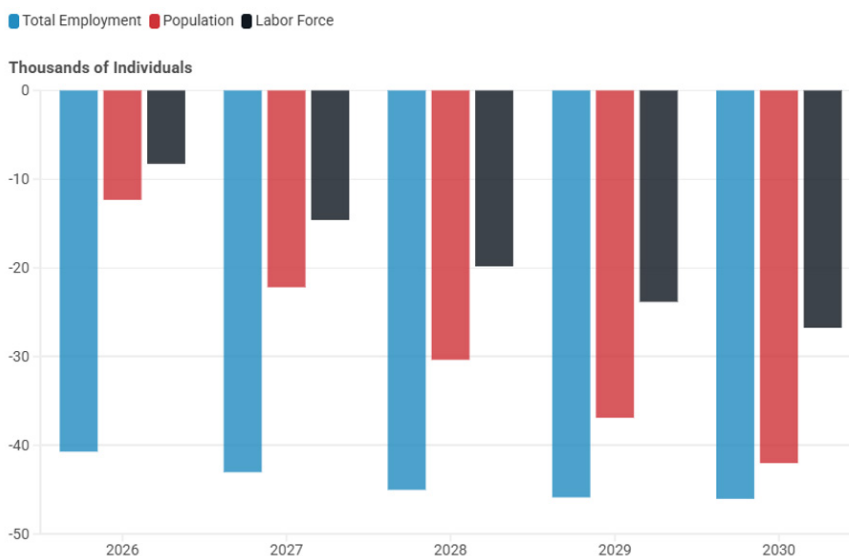
Should HB 25-1291 become law and TNC companies cease operations, the economic impact will be felt across workers, the companies themselves, potential alternatives, and economywide. The following baseline scenario does not assume that the demand for what TNC companies currently provide disappears immediately. Rather, a good portion of the current demand shifts to taxis and other alternative providers of transportation. With that said, when businesses cease to operate, it changes the supply side of the economic equation, and this impacts consumers, workers, and the broader economy

Scenario: TNC Companies Cease Operations, with a Large Portion of the Demand Shifting to Non-TNC Companies

The result of the economic model assumes that TNC companies cease operations in Colorado and that most of the demand for TNC services shifts to other suppliers. One might assume that the demand shift would simply shift revenue among companies, but that is not how the impact plays out. Using REMI's "Firm Employment" option, which captures the demand shift to tangential sectors, the economic impact is still large.

FIGURE 4

Economic Impact on Employment, Population, and Labor Force



Source: REMI, CSI Modeling



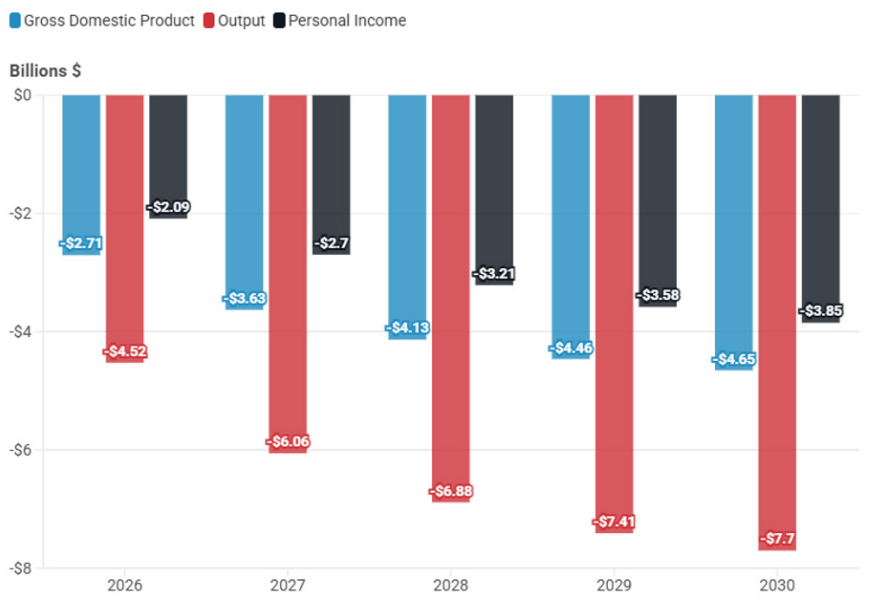
Overall, by 2030, the economic impact is (Figure 4 and Figure 5):

- Employment is lower by 46,027.
- GDP is reduced by \$4.7 billion.
- Output (business sales) drops by \$7.7 billion.
- Personal Income declines by \$3.8 billion.

The impact is, unsurprisingly, strongest in the Transit and Ground Passenger Transportation sector, followed by Construction, State and Local Government, Retail Trade, and Real Estate (Figure 6).

FIGURE 5

Economic Impact on Employment, Population, and Labor Force



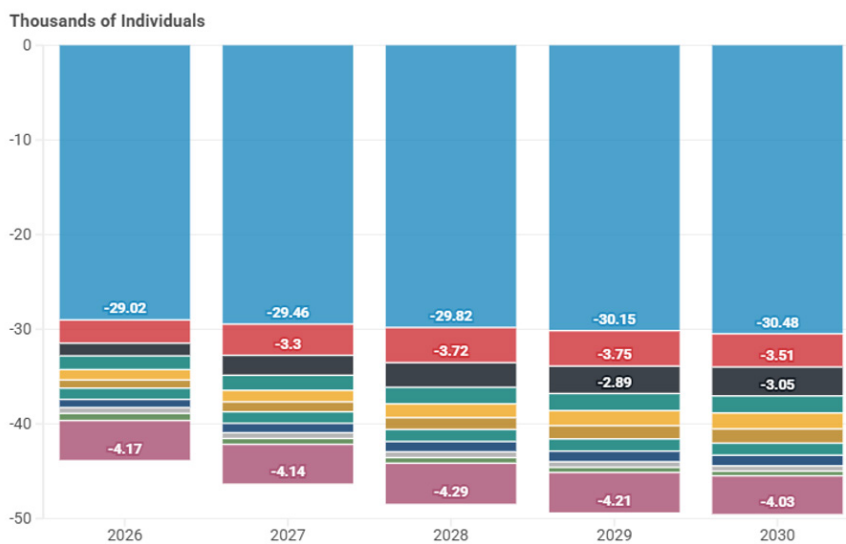
Source: REMI, CSI Modeling



FIGURE 6

Economic Impact for the Top Impacted Sectors

- Transit and ground passenger transportation
- Construction
- State and Local Government
- Retail trade
- Real estate
- Food services and drinking places
- Administrative and support services
- Professional, scientific, and technical services
- Securities, commodity contracts, investments, and funds and trusts
- Ambulatory health care services
- All Other



Source: REMI, CSI Modeling



BOTTOM LINE

Overall, although a good portion of the demand currently supplied by TNC companies may shift to other providers, the economic impact is still felt by consumers, workers, and the economy at large. The results suggest that when the estimated 34,900 workers making \$745 million in net income in 2025 stop earning income in their current manner, the economywide impact results in 46,027 fewer workers by 2030 and slower business sales growth into 2030 of \$7.7 billion.

REFERENCES

- i. <https://leg.colorado.gov/bills/hb25-1291>
- ii. https://www.coloradopolitics.com/governor/uber-rideshare-regulations-colorado/article_228682ba-f792-4b56-811d-9070ba778b1e.html
- iii. This assumes the number of active monthly drivers as in Figure 1, an estimated net income of \$17.50 per hour for 25 hours per week (mix of full-time and part-time drivers), with income per hour discounted by 3% from 2025 to 2015.