

Ordinance Analysis: Chicago Rideshare Living Wage & Safety Ordinance

*City of Chicago
June 2025*

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Analysis: Chicago Rideshare Living Wage and Safety Ordinance (O2023-0001748)

On Thursday, June 12, 2025, the Chicago City Council’s Committee on Workforce Development considered *The Chicago Rideshare Living Wage and Safety Ordinance “Rideshare Ordinance” (O2023-0001748)*, which calls for minimum wage standards for rideshare drivers. The City Council heard from representatives of drivers and rideshare companies, however, as of June 16, 2025, following an agreement between the Chairman and opponents of the ordinance, the measure has been tabled. The City Council’s Office of Financial Analysis (COFA) developed an analysis of the proposed Rideshare Ordinance to inform the conversation and decisions of Alders. We provide insight into 1) impact on City revenues, 2) impact on driver wages, and 3) impact on ride fares.

Chicago has 88,307 registered drivers in April 2025. Research shows driver pay is falling -- “in 2023 Uber drivers in the U.S. made 17% less on average than they did in 2022, despite working just 3% fewer hours.” To address falling wages, while demand for rideshare rides continues to rise back to pre-pandemic levels, supporters of the Rideshare Ordinance hope to introduce higher standardized wage structures for drivers, along with various other protections. The proposed Ordinance outlines a wage structure that assigns minimum wage rates for each mile and minute a driver accumulates while working as well as establishes a minimum \$7 wage per ride.

Importantly, COFA acknowledges certain limitations to the estimates below and outlines various assumptions. City of Chicago’s Transportation Network Providers (TNP) data shows a vast majority (82%) of all rideshares are ordered by single riders; as such, for the purposes of this analysis, COFA models are all estimates as a single ride order for a rideshare trip. The estimates also assume 249,201 rides per day – as see in 2024 – totaling 90,958,543 rides per year. For the purposes of this estimate, COFA also assumes an even split between total daily rides among the various tax and surcharge scenarios levied through the City’s Ground Transportation Tax. Lastly, we model two lengths of rides to determine potential fares and wages – a shorter ride at the median trip distance of 3.2 miles and approximately 15 minutes, and a longer ride at the distance of a trip from O’Hare Airport to Downtown Chicago at 18 miles and approximately 45 minutes. All relevant assumptions are noted with each estimate below. While these assumptions may limit how closely the estimates provided align with reality if the policy is implemented, it provides insight into the extent the new Rideshare Ordinance may affect revenues, wages, and fares.

Analysis

City Revenue

The City generates rideshare revenue through its Ground Transportation Tax (Tax Code 7595) as well as through administrative and licensing fees. The Transportation Network Provider (TNP) License and Administrative Fee is \$10,000 per year for each company plus \$.02 per trip. The City of Chicago’s ground transportation tax rates and surcharges is depicted in Table 1. In 2024, City TNP data indicates there were on average 249,201 rides per day.

While the share of rideshare trips based on surcharge zones is not available, we provide two scenarios of daily ridership within each Surcharge Zone. In one scenario, COFA divides daily ridership into quarters for

simplicity of an estimate – one-quarter in no City Surcharge Zone, one-quarter with one Downtown Zone pick-up or drop-off, one-quarter with one Special Zone pick-up or drop-off, and one-quarter of rides with both a Downtown and Special Zone surcharge included. Based on these assumptions, COFA estimates **approximately \$411 million in FY 2025** in rideshare ground transportation tax revenue and per ride administrative fees (limitations to this estimate discussed below). In the alternate scenario, COFA uses data provided by Uber; however, the share of daily rides in each Surcharge Zone provided by Uber does not total 100%. Estimates based on Uber data are therefore limited and do not accurately reflect distribution of daily rides. Based on Uber data, COFA estimates **approximately \$233 million in FY 2025** in rideshare ground transportation tax revenue and per ride administrative fees. For the purposes of this estimate, we do not include the annual Licensing Fee for each company. While these two models vary, they can provide insight into potential range of revenue scenarios for the City.

In 2024, the City Department of Finance notes \$189,796,234 was generated via the ground transportation tax in FY 2024. In January 2025, increased surcharge rates for single riders went into effect and will impact FY 2025 revenues – so revenues are anticipated to be higher in FY 2025. In the FY 2025 Budget Recommendation, the City estimates \$419.7 million in tax revenue for FY 2025 from Transportation Taxes – however, the Transportation Taxes includes taxes on parking, vehicle fuel purchases, and the provision of ground transportation for hire.

Table 1. Transportation Network Provider (TNP) tax/surcharge, single rides, as of Jan. 2025

<i>Single TNP Trip</i>	<i>Single Trip w/o DT Zone Surcharge</i>	<i>Single TNP Trip w/ DT Zone Surcharge, 6am-10pm & Sat/Sun</i>
Single TNP Trip	\$1.25	\$2.75
Single TNP Trip, start or end in Special Zone (Airport, Navy Pier, McCormick Place)	\$6.25	\$7.75

Source: Chicago Department of Business Affairs and Consumer Protection, [Public Vehicle Industry Notice, RNP Trip Taxes & Fees](#), Dec. 2024

To develop an estimate of FY 2025 ground transportation tax revenues, COFA must make certain assumptions about trip origin and drop-off locations. The Chicago Metropolitan Agency for Planning (CMAP) identifies weekday travel typically originates within the Central Business District or at O'Hare and Midway airports. Many trips occur in nearby areas to the Central Business District, contributing to approximately 94% of weekday trips occurring within City-designated Downtown Zones or Special Zones. However, the average share of total ridership pick-ups and drop-offs in Downtown and Special Zones is unknown. As noted, to mitigate high levels of uncertainty for the purposes of this estimate, COFA assumes one-quarter of daily rides occur in each tax and surcharge category in one scenario (Table 2) and an additional revenue scenario using share of daily ride data provided by Uber (Table 3).

There are limitations to this estimate. First, the number of daily rides is based on a daily average from 2024. Determining daily ride numbers vary due to seasonality (e.g., work trips and tourists) as well as day of the week (i.e., less rides will go to the Downtown Zone on weekends due to lower downtown employee commutes.) Similarly, the origin and destination of rides to or from Surcharge Zones will vary depending upon time of day and day of the week. Further, the share of daily rides that incur the different Surcharge Zones is not available and distribution of rides into even quarters is unlikely; Uber's reported share of daily rides does not equal 100%, also reflecting inaccurate or unlikely distribution of daily rides. Due to higher

levels of Downtown and Special Zone rides on weekdays, this estimate is likely conservative. Lastly, this estimate does not account for shared rides, with lower surcharges and per ride tax incurred for shared ride orders.

This simplified estimate provides a generalized projection of how City taxes and surcharges on rideshare trips could impact annual ground transportation tax revenue under the proposed Rideshare Ordinance; it is intended for illustrative purposes only and may not reflect actual collections.

Table 2. City TNP revenue estimate, by Surcharge Zone of rideshare pick-up/drop-off, even distribution of daily Surcharge Zones rides

<i>Ride Surcharge/Fee</i>	<i>Tax/Surcharge/Vehicle</i>	<i>Number of Rides Per Day</i>	<i>Daily Revenue</i>
No Surcharge Zone	\$1.25	62,300	\$77,875
DT Surcharge Only	\$2.75	62,300	\$171,325
Special Zone Surcharge Only	\$6.25	62,300	\$389,375
Special Zone, DT Zone	\$7.75	62,300	\$482,825
Administrative Fee	\$.02	249,201	\$4,984
Total Daily Revenue			\$1,126,384
Total Annual Revenue			\$411,130,160

Table 3. City TNP revenue estimate, by Surcharge Zone of rideshare pick-up/drop-off, Uber data on distribution of daily Surcharge Zone rides*

<i>Ride Surcharge/Type</i>	<i>Tax/Surcharge/Vehicle</i>	<i>% Share of Surcharge Zone</i>	<i>Number of Rides Per Day</i>	<i>Daily Revenue</i>
No Surcharge Zone	\$1.25	48.52%	120,912	\$151,140
DT Surcharge Only	\$2.75	23.65%	58,936	\$162,074
Special Zone Surcharge Only	\$6.25	14.47%	36,059	\$225,371
Special Zone and DT Zone	\$7.75	4.98%	12,410	\$96,179
Administrative Fee	\$.02	--	249,201	\$4,984
Daily Revenue				\$639,749
Annual Revenue				\$233,508,315

* The percentage shares of ride distribution across surcharge zones are based on data provided by Uber. While the total adds up to 91.62% rather than 100%, we have chosen not to make assumptions or adjustments and have used the figures as provided for our estimates.

Though changes to tax revenue based on consumer behavior are unknown, changes in ridership may impact revenue generated by the City of Chicago from rideshare rides. While the proposed ordinance to standardize rideshare driver pay will not impact the taxes or surcharges per ride, if consumer behavior changes and the total number of daily rides – and thus monthly and annual rides – decrease, the total revenue generated by rideshare rides will also decrease.

[Research shows](#) demand for rideshare services is relatively inelastic with respect to price, meaning the ridership rate is likely to stay relatively the same as pre-ordinance levels or only decrease slightly. (Note: Income levels and accessibility of public transit in one's neighborhood result in [more elasticity](#) in demand for rideshare with price increases.) In New York City, following implementation of a similar policy, ridership did not decrease – trip volumes increased by nearly 6%. However, there are various factors affecting the trip volume in New York City, [including](#) the City's congestion fee, vehicle cap, and underlying economic conditions. The rideshare company Uber predicts a 15% decline in ridership based on internal estimates shared with COFA.

To reflect various scenarios of consumer behavior, COFA outlines multiple rates *if ridership declines* in Tables 4 – 6 to demonstrate effect on revenue collections. **COFA notes that ridership may not change or may increase overtime** rather than decline, resulting in sustained or increased City revenues. New York City saw increased ridership upon implementation of its wage policy, and overall [ridership trends](#) are consistently growing to return to pre-pandemic levels. As primary concerns for the Rideshare Ordinance revolve around decline revenues, we only include models of decreased revenue – any increase in revenue will not generate concern from City officials.

Table 4. Ridership decline impact on daily City revenues, by decline rate and Surcharge Zone, even distribution of Surcharge Zones

Decline Rate	Total Daily Rides	Total Per Ride Admin Fee	No Surcharge Zone	DT Surcharge Only	Special Zone Surcharge Only	Special Zone, DT Zone	Daily Revenue
0%	249,201	\$4,984	\$77,875	\$171,326	\$389,377	\$482,827	\$1,126,389
5%	236,730	\$4,736	\$73,978	\$162,752	\$369,891	\$458,664	\$1,070,021
10%	224,280	\$4,486	\$70,088	\$154,193	\$350,438	\$434,543	\$1,013,746
15%	211,821	\$4,236	\$66,194	\$145,626	\$330,969	\$410,401	\$957,426

Table 5. Summary, ridership decline impact on annual City revenues, by decline rate, even distribution of Surcharge Zones

Decline Rate	Annual Revenue	Impacted Revenue
0%	\$411,130,160	0
5%	\$390,557,665	-\$20,572,495
10%	\$370,017,290	-\$41,112,870
15%	\$349,460,490	-\$61,669,670

Table 6. Summary, ridership decline impact on annual City revenues, by decline rate, Uber data on Surcharge Zone distribution

Decline Rate	Annual Revenue	Impacted Revenue
0%	\$233,508,315	0
5%	\$221,832,899	-\$11,675,416
10%	\$210,157,484	-\$23,530,832
15%	\$198,482,068	-\$35,026,247

There will be departmental costs to enforce the Rideshare Ordinance. The Chicago Department of Business Affairs and Consumer Protection (BACP), which already [oversees](#) minimum wage requirements in the City, will oversee enforcement of the wage policy for rideshare drivers. BACP may be able to fold in enforcement of the Rideshare Ordinance within existing budget and personnel structures, though the Department will incur certain costs associated with an education campaign for riders, drivers, and coordination with rideshare companies as well as other enforcement costs.

Due to the uncertainty around consumer behavior and future spending patterns, the quantification of economic impact on City revenue and expenditure is challenging and perhaps warrants additional analysis. Further, it is worth noting that other sectors in the City economy may see increased spending due to higher wages for drivers. This could result in higher tax revenue generated for the City in other areas, such as retail or housing.

Drivers' wage

There is no clear per mile and per minute breakdown of compensation paid to rideshare drivers under current City law and rideshare company policy. There is also no available minimum per ride compensation to drivers. To develop an estimate of driver compensation in current policy, COFA uses a 2023 [estimate provided](#) by the People's Lobby, Chicago Gig Alliance, and the Chicago Jobs with Justice in support of a previous introduction of the proposed Rideshare Ordinance.

The wage structure provided by the Committee on Workforce Development notes wages are adjusted for the 56% utilization rate (i.e., time paid for total time working, unpaid work is waiting for ride and driving to passenger). A [study](#) of rideshare drivers in New York City found a similar utilization rate for drivers.

Table 7. Driver wage structure, current vs. proposed ordinance

	<i>Current wage structure*</i>	<i>Proposed wage structure**</i>
Per mile	\$0.60	\$0.84
Per minute	\$0.20	\$0.35

*Source: People's Lobby [Estimate](#), 2023

**Source: Committee on Workforce Development, June 9, 2025

Under the proposed ordinance, the driver take-home wage formula is as follows:

$\text{\$Per minute} = (\text{minutes} \times 0.35) / 0.56$
$+ \text{\$Per mile} = (\text{miles} \times 0.84) / 0.56$
$= \text{\$Gross Total}$
(Expenses)
$= \text{\$Total Driver Wage}$

The total take-home wage that drivers will generate each ride will include deductions of certain expenses. According to the Committee on Workforce Development, per mile expenses include an IRS rate of \$0.70 per mile as well as other expenses such as vehicle cleaning supplies, time for repairs, car cleaning, or fueling. Per minute expense includes deducting 19.83% of total per minute earnings for independent contractor expenses (e.g., additional social security taxes, sick leave, or PTO).

UC Berkeley [research](#) finds that Chicago’s proposed minimum driver compensation standard would bring average driver employee-equivalent earnings to between \$18.76 and \$21.95 an hour. For the purposes of demonstrating variance, Table 6 below provides two simple examples of types of rides – one low-cost ride and one high-cost ride. Averages across types of rideshare rides vary, and averages across all rides will likely come closer to the estimate earnings presented by the Berkeley study.

Table 8. Driver wage difference, by per ride and hourly wage*

<i>Ride Type**</i>	<i>Current Model</i>	<i>Hourly Wage (Current)</i>	<i>Ordinance Model</i>	<i>Hourly Wage (Ordinance)</i>	<i>Difference in Earning Per Ride</i>
Short 15 min 3.2 miles	\$4.92	\$19.68	\$7.94	\$31.76	\$3.02
Long 45 min 18 miles	\$19.80	\$26.40	\$30.87	\$41.16	\$11.07

*Source for proposed Ordinance pay model: Committee on Workforce Development, June 9, 2025

**This estimate assumes a median trip distance of [3.2 miles](#). The long trip mileage is based off a trip from O’Hare Airport to Downtown.

If Chicago passes the Rideshare Ordinance, it would not be alone – [other cities](#) in the U.S. also have regulations for rideshare driver pay minimums per ride or for per minute and per mile base wages. In its briefing, the Committee on Workforce Development highlighted the pay structures for New York City and Seattle, outlined below. In New York City, which implemented its rideshare policy in February 2019, saw [average driver pay](#) increase by \$1.33 per trip, or 8.9% by June 2019, and median pay per trip increased by 3.5% after the policy.

Table 9. Comparison cities with rideshare pay policies, adjusted for utilization rate

<i>City</i>	<i>Per minute</i>	<i>Per mile</i>
New York City, NY	\$0.605	\$1.414
Seattle, WA	\$0.68	\$1.59
Proposed: Chicago, IL	\$0.625	\$1.50

Ride Fares

The cost of fares for riders varies based on many factors – distance, time of day, type of car, and pick-up and drop-off locations, among others. To determine the average cost of a rideshare ride for a single rider ([82% of rides](#) in Chicago are by single riders, as noted above), COFA offers different distances and zone scenarios to provide an example of current ride fares prior to the impacts of the proposed ordinance. Providing an estimate of rider fares if the Rideshare Ordinance is passed also depends on varying factors, including how rideshare companies determine the wage distribution to drivers based on total charges to riders. COFA outlines different pass-through options below, noting the effect on future driver wages.

Fare Scenarios Under Current Wage Structure

This estimate assumes a median trip distance of [3.2 miles](#). Base charges per ride are sourced from a [Chicago-area breakdown](#) publicly available from Lyft. The long trip mileage is based off a trip from O’Hare Airport to Downtown. We use this median mileage to model three scenarios, and the longer trip mileage to offer a maximum City tax scenario.

- A short trip, without pick-up or drop-offs in surcharge zones
- A short trip, with a Downtown Zone Surcharge
- A short trip, with a Special Zone Surcharge
- A longer trip, with a maximum City tax and surcharge, from O'Hare Airport – a special zone – to the Loop, which incurs a Downtown Zone surcharge

COFA estimates align with outside estimates of average ride costs. Crain's [reported](#) in 2022 an average Uber cost of \$24.20 and Lyft of \$23.86 – for a cross-company average of \$24.03 per ride (Crain's estimate does not account for time, mileage, or surcharge zones).

Table 10. Average ride cost breakdown, prior to proposed ordinance*

<i>Ride Type</i>	<i>Base</i>	<i>Distance (miles)</i>	<i>Time (min)</i>	<i>Service Fee</i>	<i>Accessibility Fee**</i>	<i>Base Charge</i>	<i>City Tax/ Surcharge</i>	<i>Avg. Total***</i>
Short 15 min, 3.2 miles No Surcharge	\$1.77	3.2 × \$0.81 = \$2.59	15 × \$0.29 = \$4.35	\$2.65	\$0.65	\$12.01	\$1.25	\$13.28
Short 15 min, 3.2 miles Downtown Zone	\$1.77	3.2 × \$0.81 = \$2.59	15 × \$0.29 = \$4.35	\$2.65	\$0.65	\$12.01	\$2.75	\$14.78
Short 15 min, 3.2 miles Special Zone	\$1.77	3.2 × \$0.81 = \$2.59	15 × \$0.29 = \$4.35	\$2.65	\$0.65	\$12.01	\$6.25	\$18.28
Long 45 min, 18 miles Special Zone + Downtown Zone	\$1.77	18 × \$0.81 = \$14.58	45 × \$0.29 = \$13.05	\$2.65	\$0.65	\$32.70	\$7.75	\$40.47

*Ride base charges may differ based on rideshare company Lyft

**The accessibility fee is a separate fee charged by the City; the Lyft breakdown includes this fee in its base fare but does not account for other City taxes or charges. For purposes of this estimate, we include the fee in the base charge to keep separate from ground transportation tax revenues.

***Base charge plus city tax/surcharge plus \$.02 per ride administrative fee

Projected Fare Scenarios Under Proposed Wage Ordinance

Similarly to predicting consumer behavior, impact on rider fares is uncertain. Depending on how higher wages are paid to drivers, fares may increase at differing extents. Businesses [often pass costs](#) along to consumers, called “pass-through costs.” When consumer demand is inelastic, as noted in the discussion of ridership decline above, economic theory [finds](#) that costs increases are passed to consumers; thus, it is safe to assume rideshare companies will pass along most of the cost of higher wage payments to drivers to consumers.

Assuming a full pass-through of the cost of wage increases to the rideshare companies, COFA estimates 24%-34% increase in fares. Uber, in internal modeling, [predicts](#) a 40% increase in fares. However, following New York City's implementation of its driver wage policy, fares [increased](#) by 5.9%. Based on New York City's experience, these estimates are likely far higher than actual fares will be upon implementation of the Rideshare Ordinance.

Table 11. Average ride cost, base cost change with ordinance*

<i>Ride Type</i>	<i>Base Charge, Pre-Ordinance</i>	<i>Base Charge, Post-Ordinance**</i>	<i>City Tax/Surcharge</i>	<i>Avg. Total***</i>
Short 15 min, 3.2 miles No Surcharge	\$12.01	\$15.03	\$1.25	\$16.27
Short 15 min, 3.2 miles Downtown Zone	\$12.01	\$15.03	\$2.75	\$17.80
Short 15 min, 3.2 miles Special Zone	\$12.01	\$15.03	\$6.25	\$21.30
Long 45 min, 18 miles Special Zone + Downtown Zone	\$32.70	\$43.77	\$7.75	\$51.54

*Ride base charges may differ based on rideshare company Lyft

Assuming full pass-through of increased wage costs, **price increase 24% for shorter ride scenario and 34% for long ride scenario (see: Table 6; Table 10)

*** Base charge plus city tax/surcharge plus \$.02 per ride administrative fee

The below examples model different levels of pass-through to identify potential effects of higher wages for rideshare drivers on fares paid by riders. The estimates are based on the proposed changes to drivers' wages and use only per mile and per minute cost to determine price and do not include City taxes or surcharges.

Table 12. Full Pass-Through Estimate
Assumes full increase in driver pay is passed to the customer

<i>Ride Type</i>	<i>Current Avg. Price (Base Charge)</i>	<i>+100% Driver Wage Bump</i>	<i>Projected New Price</i>	<i>% Price Increase</i>
Short 15 min 3.2 miles	\$12.01	\$3.02	\$15.03	+25.15%
Long 45 min 18 miles	\$32.70	\$11.07	\$43.77	+33.85%

Table 13. Partial Pass-Through
Assumes a partial multiplier (e.g., 75% of the driver pay increase)

<i>Ride Type</i>	<i>Current Avg. Price (Base Charge)</i>	<i>+75% Driver Wage Bump</i>	<i>Projected New Price</i>	<i>% Price Increase</i>
Short 15 min 3.2 miles	\$12.01	\$2.27	\$14.28	+18.90%
Long 45 min 18 miles	\$32.70	\$8.30	\$41.00	+25.38%

Table 14. Uber's Estimated 40% Fare Increase
Assumes Uber model increases*

Ride Type	Current Avg. Price (Base Charge)	+40% Fare Increase	Projected New Price	% Price Increase
Short 15 min 3.2 miles	\$12.01	+\$4.80	\$16.81	+40%
Long 45 min 18 miles	\$32.70	+\$13.08	\$45.78	+40%

* Uber, in its public commentary, warned that the ordinance "would dramatically raise ride costs for Chicagoans by nearly 40%."

Worth noting: If the ordinance results in significantly higher fares, consumer behavior will affect ridership; the level of impact on ridership due to higher fares will impact different populations in different ways. For example, individuals with lower incomes may be impacted more than individuals that have more disposable income. Individuals on tighter budgets may opt for public transportation or lower cost methods of transportation. However, if lower-income individuals do not live near public transportation options, and they must travel for work or other reasons, an increase in rideshare fares may further strain budgets. A more in-depth analysis of potential impacts on different demographic and economic groups can provide more insight into the disparate effects of higher fares on different populations.