Press Release

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Uber Agrees to Stop Worker Misclassification in Alaska
Uber signs agreement to cease operations and pay settlement to state

JUNEAU, Alaska—Uber Technologies, Inc. and Rasier, LLC (Uber) have entered into a settlement agreement to pay $77,925 to the state and stop operating in Alaska unless or until they comply with state law. The Department of Labor and Workforce Development's Workers' Compensation Division brought Uber before the Alaska Workers' Compensation Board because Uber was misclassifying driver employees as independent contractors, which is contrary to the Alaska Workers' Compensation Act.

Misclassifying employees allows companies like Uber to avoid paying unemployment insurance, taxes and workers' compensation premiums. The Uber settlement is part of a broader state and federal effort to reduce worker misclassification fraud. Worker misclassification is the practice of mislabeling employees as independent contractors, or inaccurately classifying employees in lower paying job categories, in order to avoid paying state and federal taxes.[i]

"By requiring Uber to comply with state laws, we are sending a very clear message that the State of Alaska will not tolerate worker misclassification fraud," said Commissioner Heidi Drygas.

Uber has agreed not to operate in Alaska unless it classifies drivers as employees or otherwise complies with state law. The $77,925 in settlement funds were paid to the Alaska Workers' Compensation Benefit Guaranty Fund, which covers uninsured injured worker claims when non-compliant employers fail or refuse to do so as required by law.

The Uber settlement is part of a growing trend in which states and the federal government are working to stop misclassification, which deprives workers of health and labor rights protections. Worker misclassification also defrauds the state and federal government of tax revenue, costing taxpayers billions of dollars while leaving workers vulnerable to on-the-job injuries.

Alaska state departments and the United States Department of Labor are working together through a state task force and a state-federal Memorandum of Understanding to improve enforcement and prevent misclassification fraud.

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[i] National Conference on State Legislatures Employee Misclassification Database.