

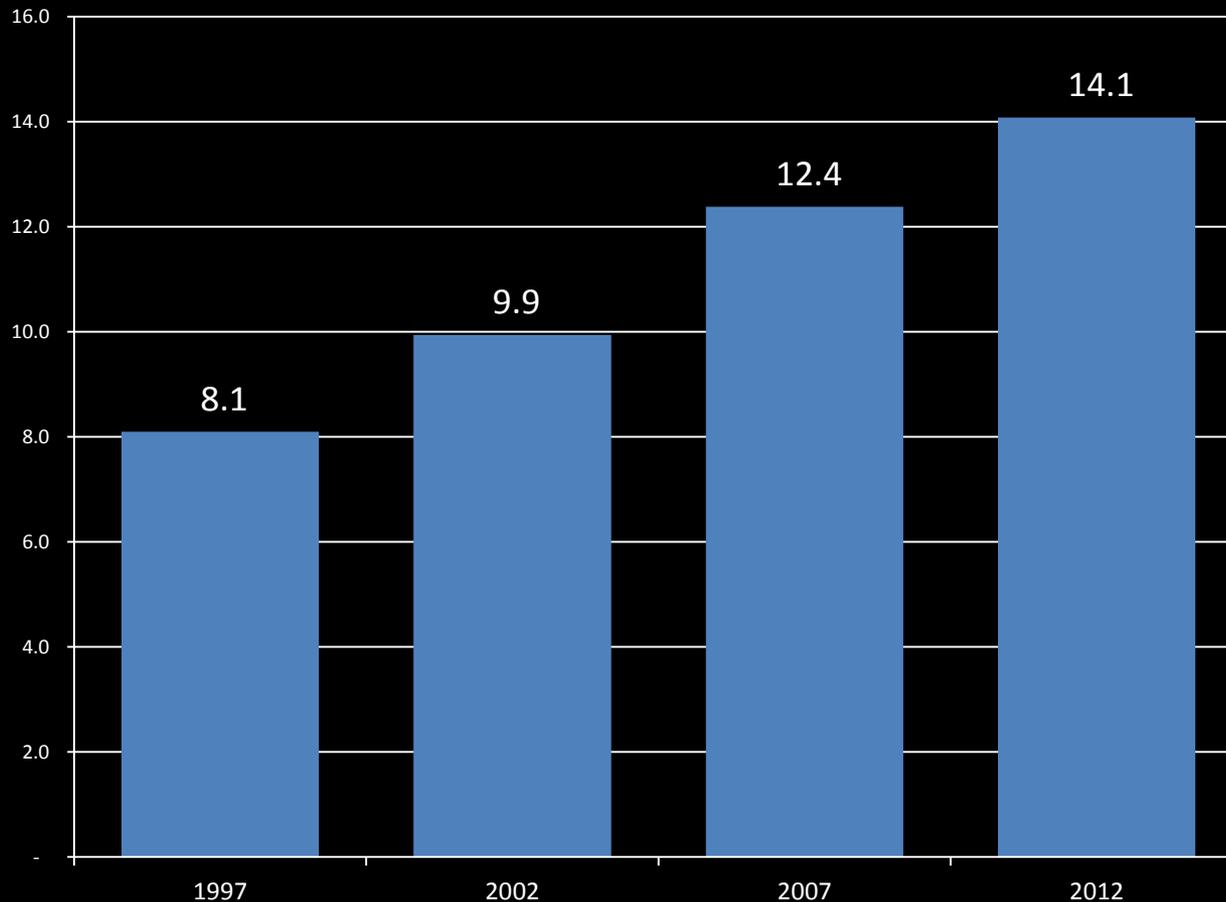
Implications for the Taxi Industry and Riders

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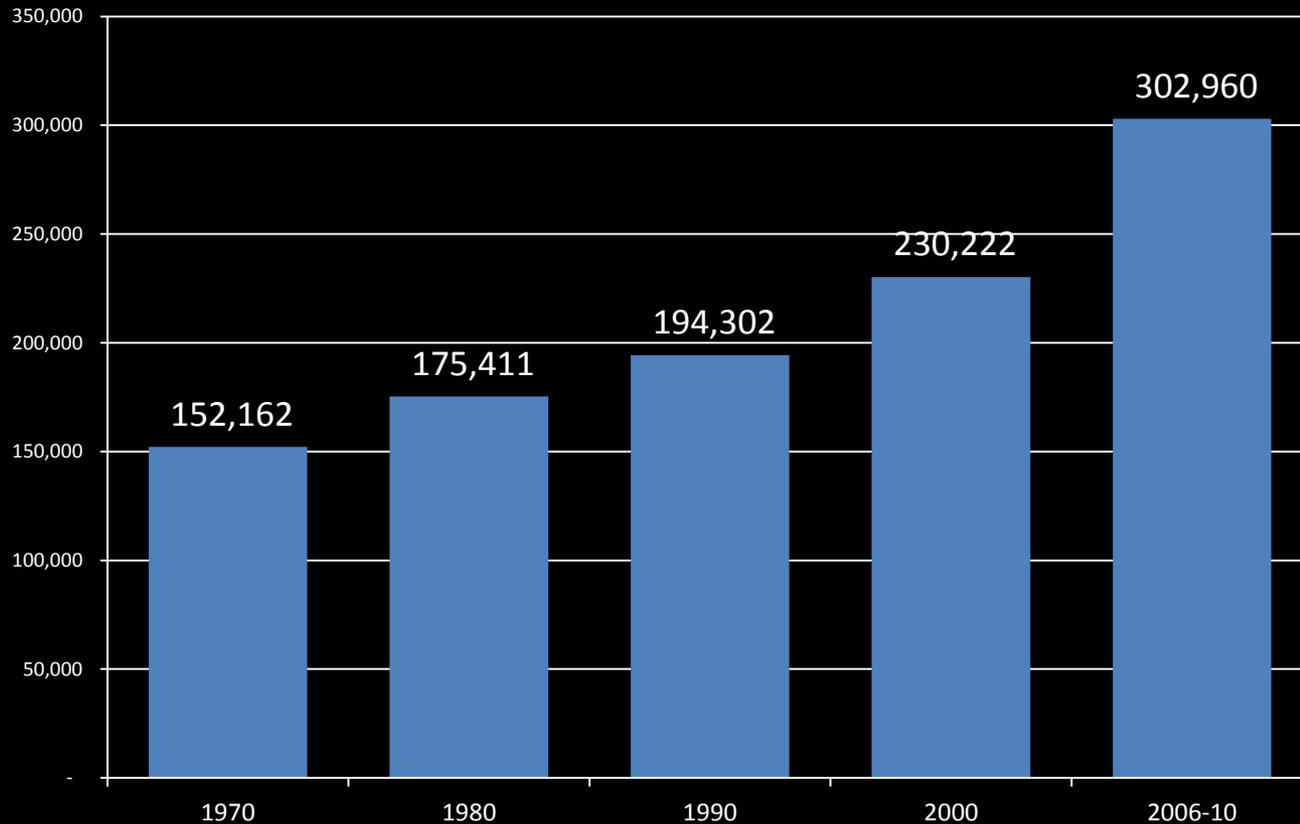
Ride Service Market is Expanding

42% increase in taxi & limo industry revenue
from 2002 to 2012
(in billions, adjusted for inflation)



Ride Service Market is Expanding

32% increase in working taxi drivers & chauffeurs from 2000 to 2006-10 (5-year average)



What's Happening with Taxicabs?

Declines in trips and revenues:

- San Francisco 20-30%
- Los Angeles 24%
- New York City 19%
- Boston 35%
- Seattle 28%
- St. Louis up to 40%

What's Happening with Taxicabs?

Declines in trips and revenues:

COMPETITION

- San Francisco 20-30%
- Los Angeles 24%
- **Uber** New York City 19%
- Boston 35%
- **Lyft** Seattle 28%
- St. Louis up to 40%

Two Schools of Thought

*TNCs, many customers,
commentators and elected officials*

It's the
American way!

- Better service
- Technological innovation
- Pricing matches supply and demand
- Promotes urban lifestyles
- Reduce DUI

Taxi industry, regulators

It's unfair
competition!

- Lower standards for criminal record checks and auto insurance
- Wider choice of vehicles
- Surge pricing
- Uncontrolled entry
- No requirements for geographic coverage, wheelchair-accessibility

What Should be Done?

*TNCs, many customers,
commentators and elected officials*

TNCs need
different
regulatory model
that fits their
different business
model

Taxi industry, regulators

Regulatory response:

- Cease-and-desist orders
- Apply taxi regulations to TNCs
- Ask for regulatory relief

Competitive response:

- Taxi apps
- Friendlier drivers and better-kept vehicles

TRB Report 319 calls for...

- Encourage and facilitate innovations that meet mobility needs
- Ensure fair competition between taxis and TNCs

“Unlevel” Playing Field

Taxis

TNCs

| | | |
|-----------------|--|-----------------------------|
| Fleet size | Set by regulation | Set by TNC |
| Price | Set by regulation | Set by TNC |
| Geog. controls | Limited to city/zones | None; operate statewide |
| Taxi stands | Authorized to pick up | Limited to dispatch trips |
| Driver safety | Gov't background checks | TNC background checks |
| Vehicle safety | Gov't standards/inspections | TNC standards/gov't inspec. |
| Veh. insurance | Commercial, 24/7 | Varies by “period” |
| Service quality | Mix of gov't standards and customer choice | Customer choice |

Recommendations for Fair Competition

| Issue | Recommendation |
|---|---|
| <ul style="list-style-type: none">• Entry controls• Pricing | <ul style="list-style-type: none">• Examine minimum regulation necessary (greater for hail/stand trips) |
| <ul style="list-style-type: none">• Driver background checks• Insurance requirements | <ul style="list-style-type: none">• Be consistent across each type of service (taxi stand, dispatch)• Systematic evaluation, gauged to risk |
| <ul style="list-style-type: none">• Wheelchair-accessible service | <ul style="list-style-type: none">• Ensure access through regulation, incentives, mandates and/or subsidies• Apply across each type of service |
| <ul style="list-style-type: none">• Regulatory authority | <ul style="list-style-type: none">• Balance benefits uniformity and responsiveness to local needs• Ensure on-the-ground regulatory enforcement |

... Implications for Regulation

- Match scope of regulation to level of competition and user choice:
 - Dispatch operations
 - Street hail/taxi stand trips
 - Airport-originating trips
- Control entry and fares only for hail/stand part of the service
- Set background check and insurance requirements using risk-based analysis focused on outcomes
- Find innovative ways to serve higher-cost trips (addressing wheelchair accessibility and digital divide)
- Ensure consistency and coordination between taxi and TNC regulation
- Vision where everyone could be both driver and passenger

Goals of Regulatory Framework

Flexibility:

- Compete on service quality
- Compete on selection
- Compete on price

Openness:

- New services
- New service providers

Accountability:

- Government
- Consumers

Prevent abuses

- Monopoly power, predatory pricing, deceptive practices, illegal practices to distort how the market works

Serve goals of mobility, economic efficiency and equity