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Statement of the Metropolitan Taxicab Board of Trade Regarding City Council Legislation Regulating the Ride Hailing App Industry

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Recently, Mayor de Blasio, Governor Cuomo and Speaker Johnson have each acknowledged that the app-based ride-hailing industry, dominated by Uber and Lyft, is out of control and needs to be better regulated. Last week, Reverend Ruben Diaz, Sr., the Chair of the City Council FHV Committee, introduced a bill that would create a new regulatory category for app-based transportation services – a bill that is long overdue and worthy of support.

Ubers act like taxis but are regulated like corporate black cars because in 1971, when the TLC created these categories, New Yorkers didn't have cell phones, let alone transportation apps. Uber and Lyft have masterfully exploited this loophole that allows limitless expansion without environmental review, wheelchair accessibility or commensurate fees for the privilege of utilizing city streets as an on-demand pick up zone. But Uber is a $75 billion corporation and it is only doing what corporations do – pursue profits. It's up to the City to regulate them.

Consider that in 2013, there were 41,000 for-hire-vehicles in New York City including corporate black cars and neighborhood livery services. Today, just five years later, there are 110,000 for-hire-vehicles, most of them app-based services, marking a stunning 250% increase. Independent traffic engineers now cite the rise of Uber and its competitors as the leading cause of congestion in Manhattan. Drivers that once worked full time for a base or drove a taxicab are now enslaved to the pings of multiple apps, hoping the cumulative total will resemble an income.

Few predicted the exponential growth of Uber, Lyft and other services, figuring that the free market will sort out the winners and losers and that passengers would stand to gain from abundant choice and low fares. Even fewer people thought about the adverse impact this oversaturation would have on taxi, livery, black car and app-based drivers who relied on their full-time income to feed their families. Four driver suicides have taken place in as many months, with one driver taking his life at the gates of City Hall as a protest to government inaction.

In reality, Uber and Lyft raced to sign up as many drivers as possible so each could boast a more powerful driver network at the beck and call of passengers. Drivers signed up, bought new cars and flooded the streets of the congested Manhattan Core where far more app-based trips originate than anywhere else in the City. It turns out there is a limit to passenger demand and we probably matched it 5 years and 70,000 cars ago.

There was a bill to limit the growth of Uber and other ride hailing apps back in 2015 that was famously withdrawn after Mayor de Blasio and the City Council bore the brunt of an expensive fear-mongering campaign that falsely led passengers to believe that their Uber would be taken away. Today, the withdrawal of that legislation is widely believed to have been a regrettable mistake.

Intro 838 and its sister bills offer many fixes. It requires environmental reviews – not as strict as those that regulate yellow taxicabs - but meaningful. The bill calls for vehicles markings that make Ubers more identifiable to law enforcement and that ensure better public safety and consumer protection. This legislation smartly requires that an app-based company provide at least 10 fares a day to their drivers as well as numerous protections that do not currently exist. Such a regulation would force Uber to stop adding a limitless volume of new drivers to its platform and start providing current drivers with more fares and more income so they don't have to rely on multiple apps and multiple jobs to make ends meet. A sister bill seeks to limit the number of vehicles per base, though such a concept can only work if there is also a limit on the number of bases.

Of course, Uber, a $75 billion corporation opposes this bill but it will likely find it hard to justify its opposition. Uber lost $4.5 billion in 2017, in part by lowering fares below market rates and “onboarding” thousands of new drivers to the platform every month – all to the detriment of drivers who lose income. Their billions would be better spent as an investment in their workforce. **The union that represents Uber drivers, the Independent Drivers Guild, should demand that the company pay 100% of any new fees in their negotiations.**

As for service to the public, this bill will not make one iota of a difference in the speed in which a vehicle will arrive to take you where you want to go – whether you’re in Midtown or in the South Bronx. There are way too many Ubers out there today – far exceeding demand. What will happen is that this excess of Ubers will hopefully leave congested parts of Manhattan and some drivers may return to their neighborhood car service bases increasing service in those areas where transportation options are scarcer.

Today, the City Council has the ability to catch up and undo some of the damage that has been done in the past few years. Uber is not going to regulate itself. The City must balance consumer demand for app-based services with the myriad of public interests that inform regulation in other sectors: environment; wheelchair accessibility; fair wages; and fair competition.