

Regulation of TNCs and Taxi and For-Hire Vehicles

Presentation to the Washington State Joint Transportation Committee
November 13, 2018



with David Mendoza and April Rinne

Presentation Objectives

- **Provide project updates for both studies:**
 - **TNCs**
 - **Taxi and For-Hire Vehicles**
- **For each study:**
 - Study objectives
 - Approach
 - Landscape
 - Perspectives
 - Key policy questions
- **Next steps**

Project Team

- Allegra Calder, Project Manager (BERK)
- Kristin Mardt, Deputy PM, TNC Research Lead (BERK)
- Sherrie Hsu, Taxi and For-Hire Research Lead (BERK)
- Robert Feldstein, Stakeholder Lead and Policy Analyst (Cedar River Group)
- David Mendoza, Taxi and For-Hire Strategic Advisor
- April Rinne, TNC Strategic Advisor

Staff Workgroup Membership

- **Joint Transportation Committee** - Dave Catterson and Beth Redfield
- **Association of Washington Cities** - Logan Bahr and Andrew Pittelkau
- **Department of Licensing** - Lewis Dennie and Stephanie Sams
- **WSDOT** - Don Chartock
- **Washington State Patrol** - Monica Alexander
- **Washington Utilities and Transportation Commission** - Jason Lewis and Jon Noski
- **City of Seattle** - John Megow, Mary Mitchell, and Matthew Eng
- **King County** - Eddie Cantu and Sean Bouffiou
- **Port of Seattle** - Eric ffitch
- **Office of Financial Management** - Veronica Jarvis
- **House Republican Caucus** - Dana Quam
- **House Transportation Committee** - Jennifer Harris
- **Senate Democratic Caucus** - Hannah McCarty
- **Senate Transportation Committee** - Bryon Moore and Kelly Simpson

I. Transportation Network Companies

TNC Study Objectives

- Develop an **inventory and understanding** of existing state and local regulations for TNCs, along with approaches from outside Washington
- **Review other policies and regulatory approaches** to identify which are most effective, including: state versus local roles; requirements (background checks, insurance, vehicles, passengers with special needs); data sharing; enforcement provisions and resources
- **Meet with TNC stakeholders** to identify areas of agreement, disagreement, and potential path forward

TNC Study: Research

Regulation Review

- 32 cities, 2 counties, and 2 airports in Washington
- All states and several major cities
- Research on related TNC issues

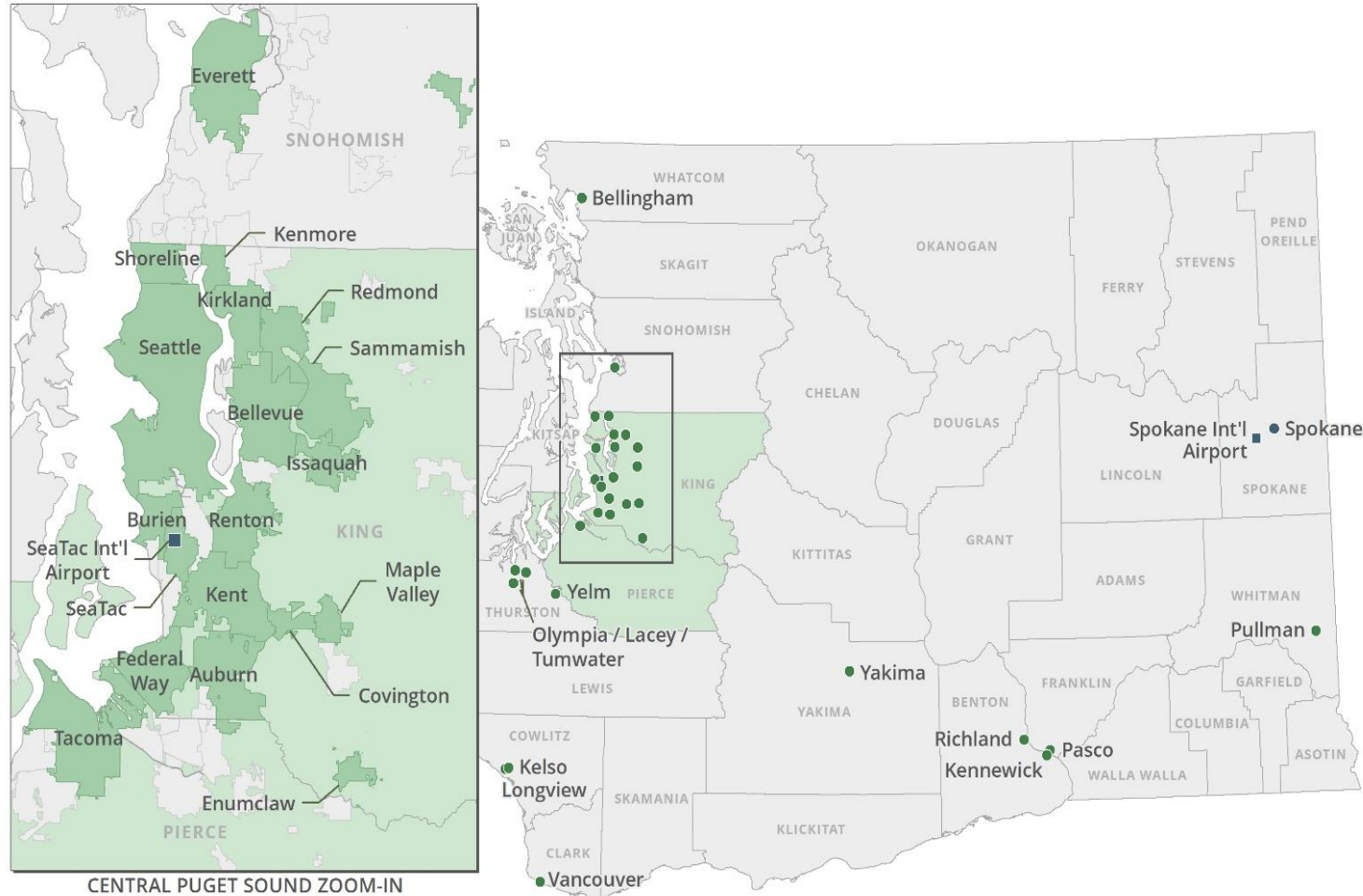
Interviews

- Representatives from 19 cities; 10 interest groups, lobbyists; 7 transportation providers; 4 state agencies, commissions; 4 researchers, national organizations; 3 legislative staff; 2 airports; 2 counties; 1 state

Additional Stakeholder Consultation

- Interviews with those involved in past bills to understand key issues and perspectives on past negotiations, outstanding issues, and current interests

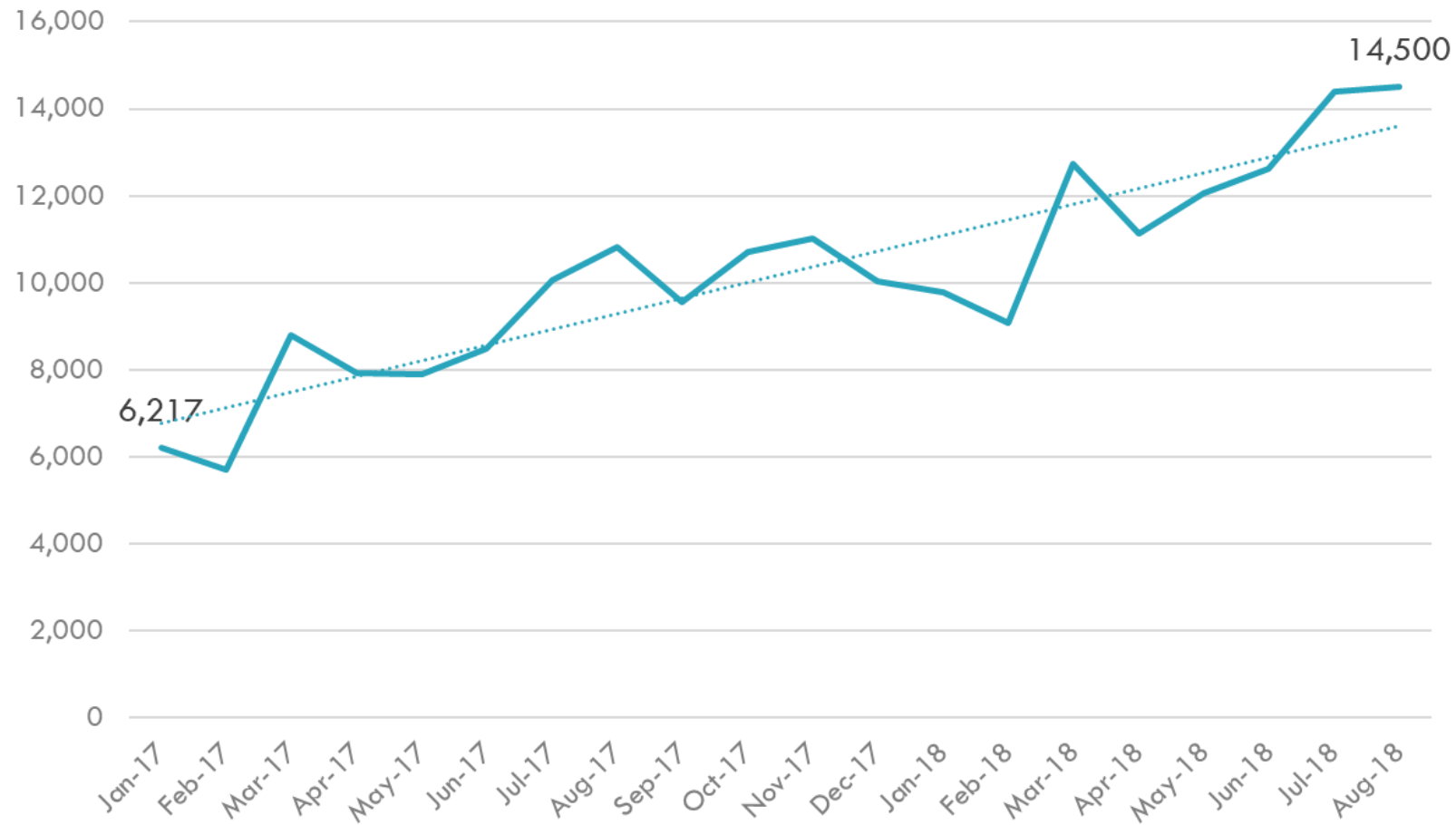
TNC Regulation in Washington



TNCs in Washington

- CiRide
- Lyft
- Moovn
- Reach Now
- Uber
- Wingz

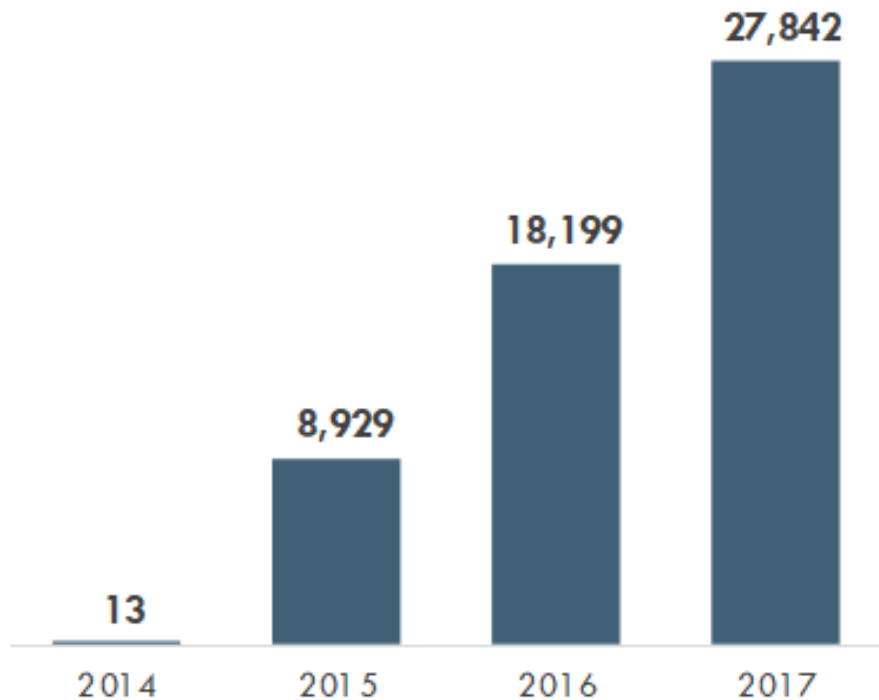
TNCs Trips at Spokane International Airport



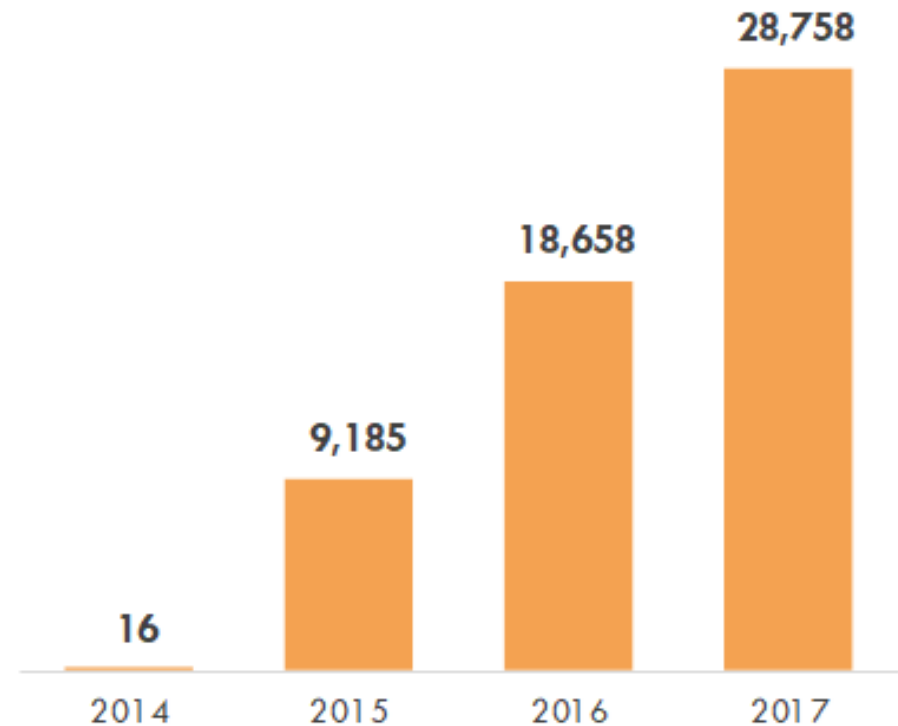
Source: Spokane International Airport, 2018.

TNCs in Seattle and King County

TNC Driver Permits Approved



TNC Vehicle Endorsements Approved



Source: King County, 2018.

State Summary

- 49 states and D.C. have laws addressing TNCs
 - 5 states only address insurance requirements
 - Alabama, Hawaii, Louisiana, Minnesota, and Washington
 - Oregon has no state law
- Preemption varies by state. Models include:
 - No preemption (MN, NE)
 - Carveouts for large cities (PA, NY, NV)
 - Minimum regulations for locals (IL)
 - Specific exceptions (MD, LA, KY)
- Background checks
 - No states require fingerprint based background checks

Other notable laws:

- GA preempts locals from regulating taxis
- CA and IN have clauses prohibiting TNCs from disclosing passengers' personally identifiable information
- Several states specifically prohibit TNCs from collecting cash fares

Background Checks

- Sticking point in past negotiations
- Taxis, for hires, and other transportation providers more often are required to use **fingerprint-based background checks**. In addition, some service contracts require them.
- TNCs use third-party, **commercial background checks** based on identifying information (name, DOB, SSN, etc.)
- Ability to access fingerprint-based background checks needs to be authorized by law

Background Checks

Fingerprint-based background checks

<i>Pros</i>	<i>Cons</i>
Use of biometrics better ensure background check for correct person.	Missing arrests for which individual was not fingerprinted (including some DUIs in Washington).
Not subject to Federal Credit Reporting Act (FCRA) or many state-by-state restrictions.	Missing or incomplete disposition information on more cases.
More likely to include very recent arrests.	Uses one source to identify history of where individual lived.

Background Checks

Commercial background checks

<i>Pros</i>	<i>Cons</i>
More likely to include arrests for which individual was not fingerprinted.	More chance of identity theft used to generate “clean” background check.
Includes complete disposition information on more cases.	Records access limited by FCRA and state-by-state restrictions.
Multiple sources (voter, credit, etc.) to identify individual history.	Missing very recent arrests that have no court records.

Additional Background Check Measures

Massachusetts Department of Public Utilities

- Comprehensive audit of all drivers provisionally approved by TNCs
- Authority to investigate beyond the 7-year FCRA lookback and as a public agency can access more detailed information on criminal history
- No fingerprinting; focus is on driver history and activities

King County

- Independent review of the TNC-provided background check report to fully understand and resolve any "may disqualify" issues
- Review driving record and any other outstanding issues

Perspectives heard

■ Local Jurisdictions

- ❑ Local enforcement/knowledge – want to know who is driving in their city; desire to manage right of way and curb access
- ❑ Data sharing for transportation planning
- ❑ TNCs role in congestion
- ❑ Local revenues – business licenses versus per ride fees; revenue source for transit, road maintenance, or other public benefit

■ Special Needs Transportation Providers

- ❑ Contract services for non-emergency transportation, Medicaid, Veteran's Affairs, McKinney Vento
- ❑ Growth in TNCs has been a boon to some populations
- ❑ More drivers are needed and additional training, driver certification, random drug testing and other requirements are barriers

Perspectives heard

■ Drivers

- ❑ Scheduling flexibility; ability to go off shift at any point; ability to drive at certain times of year
- ❑ “Be my own boss”
- ❑ Portable to other cities

■ Customers

- ❑ There is demonstrated demand (and meeting demand has local impacts and consequences)
- ❑ Safety is important to passengers
- ❑ Upfront pricing; even with surge pricing, you know what you will pay

Regulation: Potential Objectives and Impacts

- **Public safety** – prevention and protection of the public (drivers, passengers, and others outside the vehicle) from dangers affecting safety
- **Consumer protection** – prevention and protection from improperly described or dangerous services, and unfair trade practices
- **Equitable access** – a system that serves everyone and considers, geography (rural and underserved urban areas); seniors, individuals with disabilities and other non-drivers; those without debit or credit cards or smart phones with data plans.
- **Mobility** – ability to move people and goods freely and easily; may address congestion or other modes

Need to consider:

- **Ability to implement and enforce** – can the regulation be enforced even with adequate resources. Which agency implements and who enforces?
- **Consequences (intended or unintended)** to service quality, pricing, competition, and access

Policy Questions

- Does the state have a role in regulating TNCs?
- Are certain regulations more appropriate at state versus local level?
- What happens if the state doesn't regulate (status quo)?
- Many states license the companies – requiring TNCs to do safety checks and training – matched with some level (or total) government auditing, would this work for Washington?
- How to leave flexibility to accommodate other models?
- How to design for well-resourced, global companies *and* local start-ups?
- Given the growth in the market, is there a reason to require greater coverage?

II. Taxi and For Hire Vehicles

Taxi and For Hire Study Objectives

- Develop an **inventory and understanding** of existing state and local regulations for Taxis and For-Hire vehicles
- **Review policies and regulatory approaches in Washington** to identify which are most effective, including: state versus local roles; requirements (background checks, insurance, vehicles, passengers with special needs); data sharing; enforcement provisions and resources
- **Meet with stakeholders** to understand their perspectives
- **Identify any recommendations**

Taxi and For-Hire: Research

Regulation Review

- 52 cities, 2 counties, 2 airports in Washington

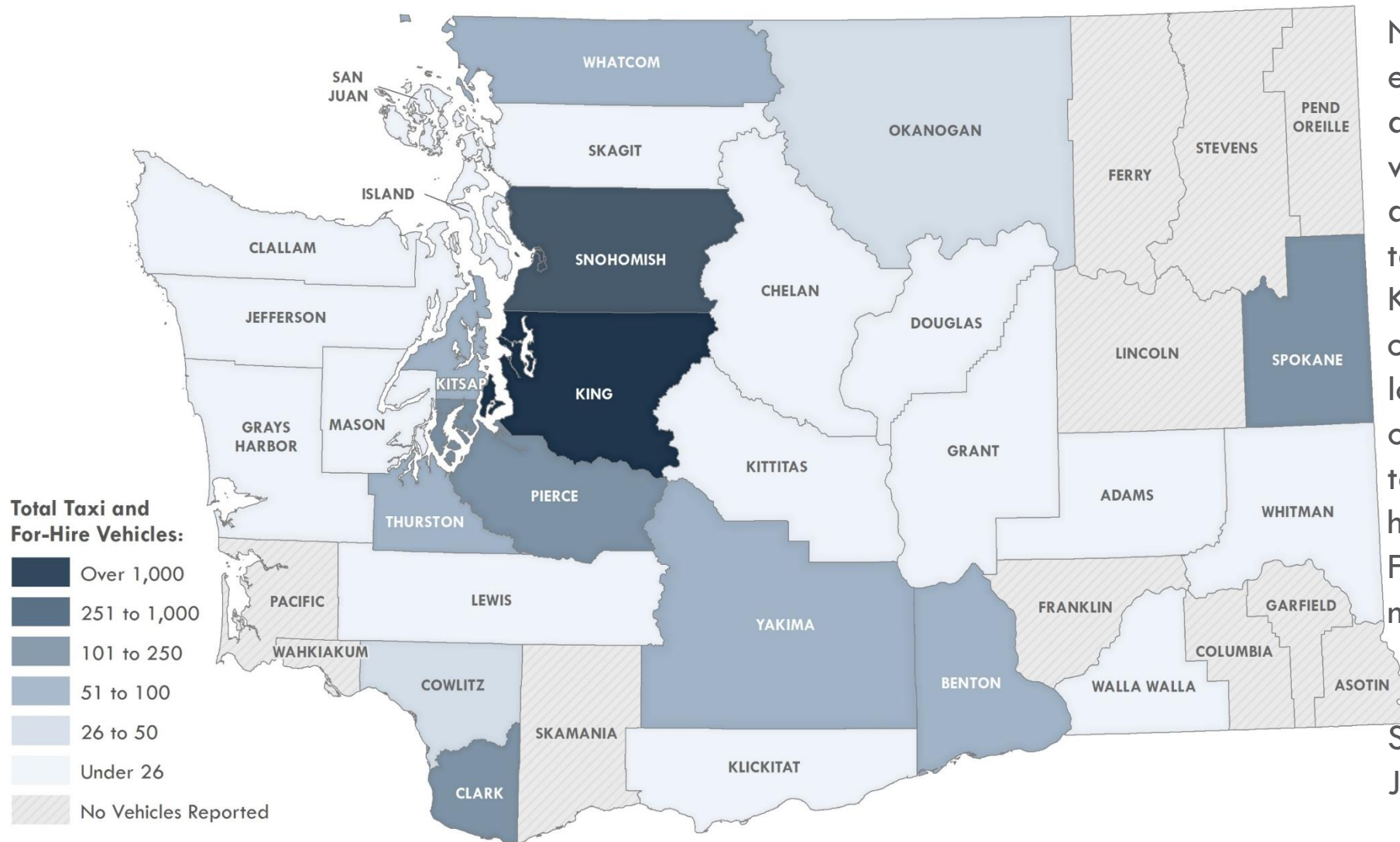
Interviews

- Representatives from 10 cities, 2 airports, 1 county; 4 dispatch companies; 2 lobbyists; 1 insurance broker; 3 focus groups with taxi dispatchers and drivers

Stakeholder Consultation

- Interviews and focus group discussions to understand key issues and different perspectives (dispatch companies, drivers, medallion holders)
- Driver survey to supplement interviews and get perspectives outside Puget Sound; not attempting to reach all drivers

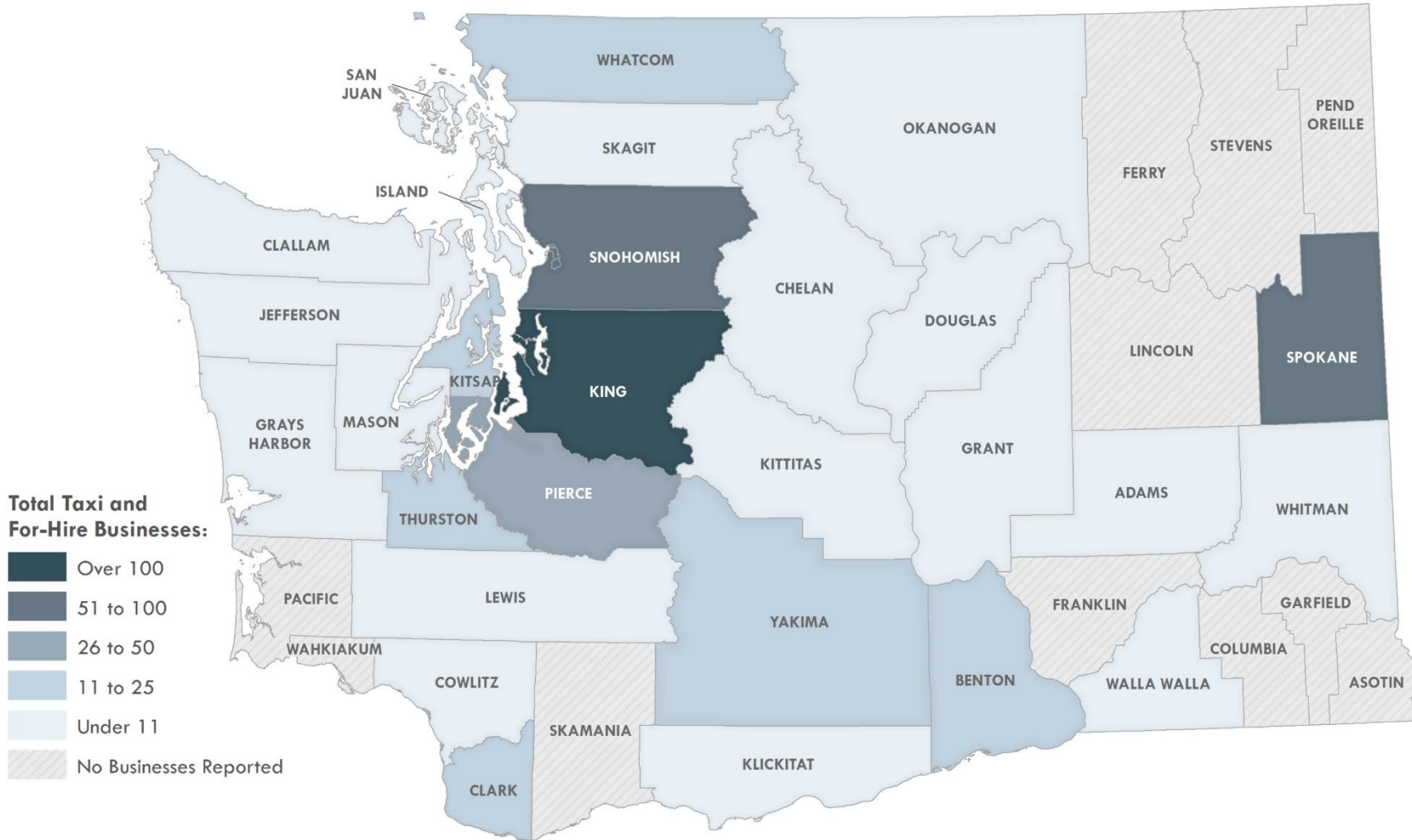
Vehicles by County, 2018



Notes: Data is a point-in-time estimate from April 2018, aggregated by JTC staff from vehicle and business registration data from DOR and DOL. State taximeter numbers may undercount King County/Seattle data. Some companies operate from multiple locations; counts shown are based on distinct UBI numbers. Of taximeters, 31 of the UBI numbers had multiple taximeter licenses. For the for-hires, 13 of the UBI numbers had multiple permits.

Sources: DOR 2018; DOL, 2018; JTC, 2018; BERK Consulting, 2018.

Businesses by County, 2018



Notes: Data is a point-in-time estimate from April 2018, aggregated by JTC staff from vehicle and business registration data from DOR and DOL. State taximeter numbers may undercount King County/Seattle data. Some companies operate from multiple locations; counts shown are based on distinct UBI numbers. Of taximeters, 31 of the UBI numbers had multiple taximeter licenses. For the for-hires, 13 of the UBI numbers had multiple permits.

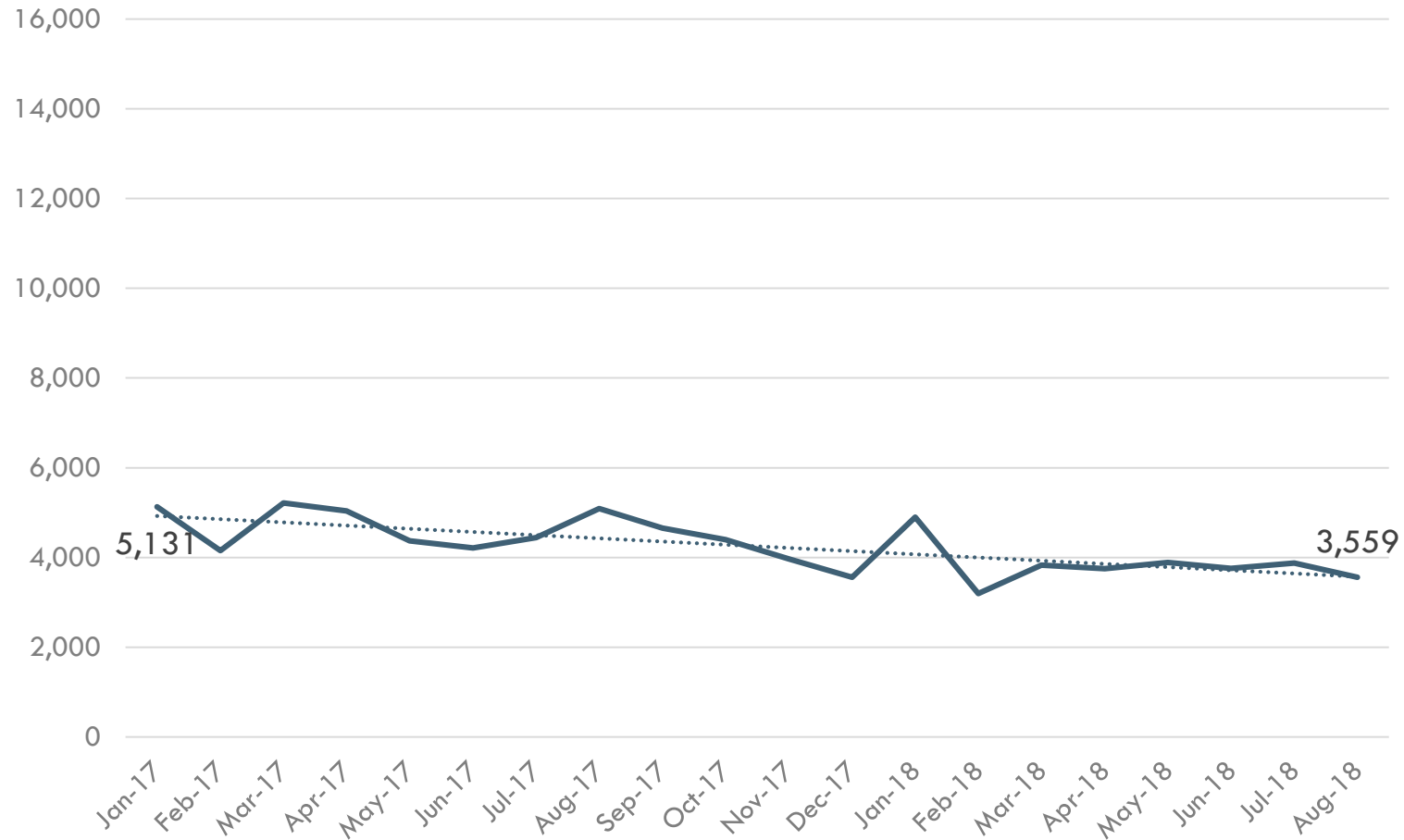
Sources: DOR 2018; DOL, 2018; JTC, 2018; BERK Consulting, 2018.

Taxi and For Hire Vehicles

		Cars			Drivers			Rides per Day			Companies		
		2013	Now	Change	2013	Now	Change	2013	Now	Change	2013	Now	Change
Puget Sound Dispatch	Seattle	520	380	-27%	1,500	400	-73%	5,200	2,500	-52%			
Yellow Cab	Everett	70	40	-43%	80	40	-50%	1,100	500	-55%	5	2	-60%
Cuddy	Auburn	11	5	-55%	18	11	-39%	175	75	-57%			
Vancouver Cabs	Vancouver	8	4	-50%	16	9	-44%	240	80	-67%	3	2	-33%
Your Cab	Bellingham	5	3	-40%	9	4	-56%						
Mason County Taxi	Shelton	2	1	-50%	2	1	-50%	45	20	-56%	1	3	200%
AC Checker	East Wenatchee	2	5	150%	3	17	467%	13	75	477%	5	2	-60%

Note: Numbers were self-reported by companies through phone and in-person interviews.

Taxis Trips at Spokane International Airport



Source: Spokane International Airport, 2018.

Taxi and For-Hire Vehicle Niches

- Cash fares and Metro scrip payments
- Street hails and telephone dispatch
- Taxi stands
- Pre-arranged rides
- Certain airports and/or passengers
- Wheelchair accessibility
- Contract services, including Medicaid, McKinney Vento, Veteran's Affairs

Driver Survey – 207 Respondents as of 11/9/2018

- Sent primarily to taxi drivers through associations and companies
- Drivers could select all services they drive for:
 - ❑ 83 Taxicab
 - ❑ 16 Flat rate or For-Hire
 - ❑ 4 Other passenger services (Airport Shuttle, charter etc.)
 - ❑ 73 Lyft
 - ❑ 98 Uber
 - ❑ 3 other TNC
- Drivers reported how many hours they typically drive in one week
 - ❑ 126 Full-time (more than 30 hours)
 - ❑ 41 Part-time (up to 30 hours)
 - ❑ 28 Occasional (no fixed schedule)

Taxi and flat-rate/for hire respondents n=94

In which county do you live? n=62	
King	11
Douglas	9
Snohomish	8
Pierce	6
Benton	5
Chelan, Clark	4 each
Whitman	3
Cowlitz, Kitsap, Whatcom	2 each
Franklin, Grant, Island, Pacific, Spokane, Yakima	1 each

Driver/owner perspectives from interviews and survey

- **Regulated vs. unregulated** – Many feel that taxis have more oversight, inspections and enforcement (regarding drivers, vehicles, rates, meters) compared to TNCs.
- **Cost of doing business** – insurance, inspections, permits, fees all add up and are typically borne by the driver
- **Insurance is expensive** – Taxis require more comprehensive coverage (for 24/7 commercial operations vs “in use”) and particularly in Seattle/King County, have limited, expensive options.
- **Business is decreasing** – Almost all dispatchers and companies tell of decreasing number of drivers, cars and rides.
- **Profits are shrinking** - Instead of driving 40-50 hours/week, some drivers feel like they need to driver 80-100 hours/week to make living.
- **Ability to compete on price** – flexible rates/smart meters/dynamic pricing and the ability to offer discounts

Driver/owner perspectives from interviews and survey

- **Additional competition** – Not only are they worried about TNC drivers, but also “off-clock” drivers who make “cash deals” (with no insurance) or limos that illegally pickup (at ferry, hotels).
- **Taxis serve important niches** – Taxis are protective of those they serve: people without smart phones or credit cards; contracts for medical, homeless school children, prescription transport; airport.
- **No single solution** – There is no unanimity about best solutions but lots of interest in finding some relief or leveling the playing field to make it easier for taxis to compete.
- **Longstanding relationships in some communities** – Personal connections around longstanding appointments.

Policy Questions

- If state standards were set for TNC driver and vehicle requirements would it make sense to do the same for taxi and for-hire vehicles?
- Should the State incentivize locals to deregulate or introduce a ceiling?
- Is the best way for the State to address the public interest of serving everyone through preserving the taxi/for-hire industry?
- Are there adequate wheelchair accessible taxi providers, especially beyond King County?
 - Does the State have a role to ensure access?

Next Steps

- Draft report to JTC staff in December
- Final report to Legislature, January 14, 2019
- Committee Briefings may be scheduled