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Home > Ride-hailing Companies Diversify Their Business Models as States, Cities Try to Strike Regulatory Balance

| Sean Slone [1]

The first seven months of 2018 have been a time of significant transition for the nation’s largest ride-hailing companies, Lyft and Uber. With new acquisitions, the companies are re-writing their corporate stories and seeking a future as not just tech-enabled taxi services but full-service, multimodal mobility providers. Meanwhile, policymakers around the country are exploring how to address the impacts of ride-hailing on cities, public transit, the ride-hailing workforce, the economy, the taxi industry, equity of access to transportation and other areas. Here’s a look at what’s happening with ride-hailing in a number of states, along with a collection of links to articles on recent industry developments and the latest research on ride-hailing’s impacts and policy implications.

State Updates on Ride-hailing

- **California:** The state legislature is considering a bill, SB 1014 [2], that would require ride-hailing companies to increase the number of zero emission vehicles in their fleets. As Streetsblog Cal reported recently [3], the bill now includes an amendment that would define zero-emission vehicles to include bicycles and would credit Uber and Lyft with miles ridden on bikes, and potentially scooters, using their apps. The companies both have invested in or acquired bike-share companies recently (see more below). ... It was also reported [4] that even as ride-hailing companies expand their zero emission transport options, there is concern that Uber is withholding data about its vehicles from city planners in San Francisco, which could compromise the city’s ability to meet greenhouse gas targets. ... The California Supreme Court in April issued a ruling that could make it more difficult for Uber and Lyft to classify their drivers as independent contractors and avoid paying them wages and benefits as required by California state law (see more here [5], here [6] and here [7]). ... Authorities in San Francisco subsequently subpoenaed Uber and Lyft for records on whether they treat drivers as independent contractors or full-time employees, The Hill reported [8]. (See more here [9]). ... City Lab reports [10] that a UCLA researcher has found that ride-hailing services in Los Angeles now provide better vehicle access to low-income communities than taxis, while the taxi industry has demonstrated discriminatory practices against riders (see more here [11]). ... Meanwhile, another UCLA study [12] has found that, contrary to previous understanding of the gig economy, more than half of Uber and Lyft drivers in Los Angeles drive full-time. Many of them struggle to pay for expenses and around a third must now continue driving to pay off the loans on cars purchased or leased to drive for the companies, The Los Angeles Times reported. [13]

- **District of Columbia:** The D.C. Council last month unanimously approved a new 6 percent tax on Uber and Lyft that is scheduled to go into effect October 1, WTOP Radio reported [14]. The tax is estimated to generate $23 million to $25 million annually, with revenues going to fund Metro, the region’s beleaguered transit system. The District has pledged $178 million in dedicated funding for Metro. D.C. Council member Jack Evans told The Washington Post [15] in March that “Uber and Lyft are part of the transit system here, and so they should help pay to fix Metro because they’re benefiting from Metro’s demise.” Uber spokesman Colin Tooze said in a statement that while his company has long supported dedicated funding for Metro, “we’re concerned that the current proposal disproportionately impacts residents who do not have easy access to public transit and inadvertently incentivizes people to drive their own cars rather than sharing their commute.”
Governing magazine had a report in April on why governments are increasingly turning to Uber and Lyft for transit revenue.

- **Florida:** Five Florida cities are participating in a pilot program designed to encourage inter-city travel and the use of SunRail commuter rail stations by providing subsidies for passengers who use Uber’s ride-hailing services, *The Capitolist reported*. The cities of Altamonte Springs, Lake Mary, Longwood, Maitland and Sanford recently completed phase II of the pilot, during which each city paid 20 percent of Uber fares that started in one of the five cities and ended within their respective city limits and 25 percent of fares that began or ended at the SunRail station inside their city. … As I noted in a recent post, Lyft announced an exclusive partnership with the private rail company Brightline, which recently opened its Miami station. The company will have designated pick-up and drop-off zones at each of Brightline’s three South Florida stations as part of the partnership.

- **Hawaii:** Honolulu Mayor Kirk Caldwell last month vetoed a bill that aimed to limit how much ride-hailing companies can charge customers when demand surges, *The Honolulu Civil Beat reported*. Uber was said to be furious about the surge pricing cap measure, which would have been the first of its kind in the country.

- **Illinois:** Why consumers sometimes choose an on-demand ride or carpooled on-demand ride over public transit in Chicago is the subject of a recent report from the Chaddick Institute for Metropolitan Development at DePaul University. See more here.

- **Louisiana:** St. Bernard Parish Council in May passed new rules governing ride-hailing services, joining New Orleans, Jefferson Parish, Kenner and Gretna, *The New Orleans Advocate reported*. Uber officials expressed concern about a patchwork of conflicting local regulations that has stymied expansion efforts in Louisiana and renewed calls for a statewide approach to regulation.

- **Massachusetts:** A 2016 law signed by Gov. Charlie Baker that regulated ride-hailing companies in the commonwealth included a 20-cent-per-ride fee for users. Half of the revenues from the fees are distributed to cities and towns annually based on how many trips originate in those places. *The Gloucester Daily Times reported recently* that 64.8 million trips statewide last year resulted in a windfall of more than $12.9 million for cities and towns and more than $3.4 million for Boston alone, which was the point of origin for more than half (34.9 million) of the trips.

- **New York:** Uber announced this month they are committing $1 million to support a congestion pricing plan for New York City, according to Politico. The company had supported a pro-pricing ad campaign last year for an ultimately unsuccessful legislative effort in Albany that instead resulted in a new fee on taxi and ride-hailing vehicles to help fund New York City’s subway system. The congestion plan pending this year in Albany would impose a tolled cordon around Manhattan’s central business district, with much of the toll revenue going to the Metropolitan Transportation Authority. … The New York Taxi and Limousine Commission is moving to establish pay rules that could significantly raise wages for ride-hail drivers, *The New York Times reported this month*. Under the rules, if a driver’s earnings fall below $17.22 per hour over the course of a week, the ride-hailing companies would be required to make up the difference. *The Times* said the proposed rules are intended to address a problem at the heart of Uber’s business model that makes rides less expensive and more comfortable than taxis but leaves many drivers struggling to make a living after the company takes its cut (see also California above). While the taxi commission has the power to adopt the rules without the support of the Mayor or City Council, Mayor Bill de Blasio has said he prefers to have the Council address the driver pay issue. … The popularity of ride-hailing in New York City is believed to have taken a significant toll on the city’s taxi industry, *The New York Times* (see also here) and *Wired* reported this spring on a series of suicides among cab drivers that has drawn attention to the economic desperation they face in competing with Uber and Lyft.

- **Pennsylvania:** The ramifications of a March autonomous vehicle crash that killed a pedestrian in Arizona continue for Uber, which earlier this month laid off 100 employees in Pittsburgh and San Francisco who piloted the company’s self-driving car fleets in those cities, *City Lab reported*. But this week it was reported that Uber’s self-driving cars were back on public roads in Pittsburgh. The vehicles aren’t being driven in autonomous mode, however. Human safety drivers will be
onboard to manually operate them while the company continues a comprehensive review of its self-driving program.

- **Rhode Island:** Uber announced in April they were moving passenger pickup operations off property at T.F. Green Airport in Warwick after failing to reach an agreement on the fee the airport charges Uber drivers, *The Providence Journal reported* [33].

- **Texas:** *KXAN reported recently* [34] on the launch of Uber’s dockless electric bike share service JUMP in Austin.

- **Washington:** The state Supreme Court ruled this spring that the state’s Public Records Act allows government documents containing trade secrets to be withheld “only if disclosure would clearly not be in the public interest and would substantially and irreparably damage a person or a vital government interest,” *The Seattle Times noted* [35]. That could mean Uber and Lyft should have to turn over data on how often they serve specific Seattle neighborhoods, data that could be used to determine whether the companies are fairly serving all areas of the city. The case now goes back to the King County Superior Court. … BMW has announced they’re launching a competitor to Uber in Seattle, *Wired reported this month* [36].

**Ride-hailing Industry Updates**

- “Lyft sees a future with more bikes and scooters, and fewer cars,” [38] Curbed, July 17, 2018.
- “Lyft will offer discounts to people who use bikes and scooters to connect to transit,” [40] The Verge, July 16, 2018.
- “Uber’s head of policy for flying taxis and autonomous vehicles leaves for self-driving car startup Voyage,” [43] Tech Crunch, July 16, 2018. [He was a speaker at the 2017 *CSG National Conference in Las Vegas* [44] last December]
- “Uber’s quest to be the ‘Amazon of transportation’ won’t be easy,” [47] Engadget, July 10, 2018.
- “Uber is experimenting with letting riders wait longer in exchange for cheaper fares,” [57] Quartz, June 18, 2018.
- “Lyft is redesigning its app to emphasize carpooling and mass transit,” [60] The Verge, June 7, 2018.
“Lyft’s monthly subscription plan is expanding—and now has a waitlist,” [63] The Verge, May 9, 2018.
“Lyft will invest ‘millions’ in effort to become completely carbon neutral.” [65] The Verge, April 19, 2018.
“BMW and Daimler are putting their differences aside to beat Uber.” [71] The Verge, April 2, 2018.

Further Reading

“TNCs Already Cheaper Than Driving for Some Drivers.” [74] Urbanism Next, July 6, 2018.
“Innovation Can’t Fix Urban Transportation’s Woes: Ride-hailing and bike-sharing services or self-driving cars are more likely to create new problems than to solve old ones.” [75] Bloomberg Opinion, July 1, 2018.
“Uber and Lyft are terrible at providing wheelchair-accessible service, and here’s the proof.” [79] The Verge, May 23, 2018.
“Uber and Lyft aren’t ambulances, but some people use them like they are.” [82] Trib Live, April 23, 2018.
“Seattle City Council votes to take a closer look at ride-hailing services.” [83] Curbed Seattle, April 9, 2018.

Recent Studies and Reports

“Uber and Lyft are lobbying states to prohibit local regulation.” [88] Mobility Lab, July 24, 2018.


“There’s One Thing Uber Hasn’t Disrupted: Work,” [95] City Lab, June 8, 2018.


“Everything we thought we knew about the gig economy is wrong,” [98] Quartz, June 7, 2018.


“Why TNCs Will Be Regulated Like Taxis—Historically Speaking,” [105] Midwest Transportation Center and Iowa State University, May 2018.


“While majority of Americans prefer their personal vehicles for travel to and from airports, use of ride-sharing services is rapidly accelerating.” [107] HNTB, April 15, 2018.


By:
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