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THE COUNCIL OF THE CITY OF NEW YORK

COMMITTEE REPORT OF THE INFRASTRUCTURE DIVISION

Jeffery Baker, Legislative Director

COMMITTEE ON FOR-HIRE VEHICLES

Hon. Ruben Diaz Sr., Chair

August 8, 2018

PROPOSED INT. NO. 144-B:

By Council Members Levin, Constantinides, Holden, Rivera, Brannan, Chin, Rosenthal and Ayala

TITLE:

A Local Law to amend the administrative code of the city of New York, in relation to conducting a study of the impact vehicles for hire have on the city of New York, and authorizing the commission to establish and revise vehicle utilization standards for high-volume for-hire services and to regulate the issuance of new licenses to for-hire vehicles

ADMINISTRATIVE CODE: Adds subdivision hh to § 19-502, adds new § 19-550 of Ch. 5 of Title 19

PROPOSED INT. NO. 634-B: By Council Members Diaz, Constantinides, Rivera, Yeger, Brannan, Powers and Ampry-Samuel

TITLE: A Local Law to amend the administrative code of the city of New York, in relation to the waiver of licensing fees for accessible taxi-cabs and for-hire vehicles

ADMINISTRATIVE CODE: Amends subdivision b of §19-504

PROPOSED INT. NO. 838-C: By Council Members Diaz, Deutsch, Cabrera, Miller, Constantinides, Torres, Koslowitz, Grodenchik, Lancman, Brannan, Williams, Gjonaj, Dromm, Koo, King, Maisel, Moya, Cohen, Rivera and Powers

TITLE: A Local Law to amend the administrative code of the city of New York, in relation to the licensing and regulation of high-volume for-hire transportation services

ADMINISTRATIVE CODE: Adds subdivision ff and gg to § 19-502 and adds new §19-548 to Ch. 5 of Title 19

PROPOSED INT. NO. 890-B: By Council Members Lander, Constantinides, Rivera, Powers and Chin

TITLE: A Local Law to amend the administrative code of the city of New York, in relation to establishing minimum payments to for-hire vehicle drivers and authorizing the establishment of minimum rates of fare

ADMINISTRATIVE CODE: Adds new § 19-549 to Ch. 5 of Title 19

PROPOSED INT. NO. 958-A By Council Member Diaz

TITLE: A Local Law to amend the administrative code of the city of New York, in relation to reducing penalties for unauthorized street hails by licensed for-hire vehicle drivers

ADMINISTRATIVE CODE: Amends paragraph 1 of subdivision b of §19-507

INTRODUCTION

On August 8, 2018 the Committee on For-Hire Vehicles, chaired by Council Member Ruben Diaz Sr., will hold a hearing on legislation related to the taxi and for-hire vehicle industry. The bills are Proposed Int. No. 144-B, a Local Law in relation to conducting a study of the impact vehicles for hire have on the city of New York, and authorizing the commission to establish and revise vehicle utilization standards for high-volume for-hire services and to regulate the issuance of new licenses to for-hire vehicles, Proposed Int. No. 634-B, a Local Law in relation to the waiver of licensing fees for accessible taxi-cabs and for-hire vehicles, Proposed Int. No. 838-C, a Local Law in relation to the licensing and regulation of high-volume for-hire transportation services, Proposed Int. No. 890-B, a Local Law in relation to establishing minimum payments to for-hire vehicle drivers and authorizing the establishment of minimum rates of fare, and Proposed Int. No. 958-A, in relation to reducing penalties for unauthorized street hails by licensed for-hire vehicle drivers.

This is the second hearing on each of the items included in this package of legislation. The first hearing on Int. No. 144, Int. No. 634, Int. No. 838, and Int. No. 890 was held on April 30, 2018. The first hearing on Int. No. 958 was held on June 25, 2018. At both hearings the committee heard testimony from the New York City Taxi and Limousine Commission (TLC) and other interested stakeholders and advocates.

BACKGROUND

The for-hire vehicle (FHV) and taxi sectors have gone through significant changes in the last several years as technological innovations have altered the traditional way people signal taxis and arrange FHV trips. Today, application-based technology has allowed passengers to have fast, on-demand service at the click of a button. While these companies abide by TLC's licensing

requirements and operate as FHV's, the sector's rapid growth over the past several years has led to economic and environmental concerns that some argue need to be addressed.

TLC Regulated Industries¹

Yellow taxicabs—which must have a medallion to operate in the City—serve riders who hail vehicles on the street.² While taxicabs primarily serve customers in Manhattan, street hail livery vehicles—also known as green taxis, borough taxis, or SHLs—are allowed to accept street hails outside of the exclusionary zone, which includes Manhattan south of East 96th Street and south of West 110th Street, as well as the City's airports.³ Street hail livery service is authorized by State laws that allow the City to issue up to 18,000 hail licenses, which are issued in three rounds.⁴ Since sales began in 2013, just over 5,609 licenses have been issued.⁵

Liveries, also known as community cars, may accept passengers by prearrangement.⁶ Similarly, black cars and luxury limousines are also limited to accepting rides through prearrangement, but must also receive more than ninety percent of payments in a non-cash method.⁷ Luxury limousines differ from black cars in that they may carry up to 20 passengers and have additional insurance requirements.⁸

Each for-hire vehicle⁹ must be affiliated with a base that is authorized to dispatch vehicles in its class.¹⁰ As such, when a vehicle owner applies for an FHV license, they must list the name

¹ The TLC also regulates certain specialized services such as commuter vans and paratransit vehicles; however, these topics will not be discussed in this report.

² N.Y.C. Admin. Code § 19-502(l).

³ Ch. 9 of the Laws of 2012.

⁴ *Id.*

⁵ N.Y.C. TLC Annual Report 2017, available at http://www.nyc.gov/html/tlc/downloads/pdf/annual_report_2017.pdf

⁶ N.Y.C. Admin. Code § 19-516(a).

⁷ *Id.* at §§ 19-502(u) and (v).

⁸ *Id.*

⁹ The term “for-hire vehicle” can be used to refer to liveries specifically, or liveries, black cars, and luxury limousines collectively. In this report, for-hire vehicle is used to refer to the broader class of vehicles.

¹⁰ 35 R.C.N.Y. § 59A-11(e).

of the base that the vehicle will affiliate with. A driver may accept dispatches from other bases within the same class as the affiliated base, and may also change their base affiliation.¹¹ For each trip, the dispatching base must provide the customer with the name and license number of both the affiliated base and the dispatching base.¹²

Base owners in the FHV sector can set their own fares, subject to the requirement that the base submit its rate schedules annually to the TLC,¹³ which must include surge or variable pricing policies, and any and all additional fees charged to the customer.¹⁴ Owners must also submit rates to the TLC whenever rates are changed, with every renewal application, and with any application to change the ownership or location of the base.¹⁵

In 2016, the City Council passed legislation that requires black car bases to provide the passenger with an upfront binding fare quote.¹⁶ Additionally, black car bases must display an option that allows customers to acknowledge and accept that surge pricing is in effect prior to dispatching a vehicle to a customer.¹⁷

The current number of taxicabs in New York City—13,587—has remained relatively level for decades.¹⁸ The most recent allowance for an increase in the number of medallions was included in the State law that authorized street hail livery service, which also authorized the sale of up to 2,000 medallions that may only be used with wheelchair accessible taxicabs.¹⁹

The TLC conducts a review of the impact of selling new taxicab medallions through an

¹¹ *Id.* at § 59A-11(e).

¹² *Id.*

¹³ 35 R.N.Y.C Rules 58B-26

¹⁴ 35 R. N.Y.C. 59B-21

¹⁵ *Id.*

¹⁶ 35 R.N.Y.C 59B-23 and LL 49 of 2016/19-545

¹⁷ 35 R.N.Y.C 59B-25(i)

¹⁸ *Id.* at 5, TLC Annual Report 2017

¹⁹ Ch. 9 of the Laws of 2012, § 8.

analysis that considers the weight of the environmental, human, and community resources that would be affected, as well as social and economic considerations.²⁰ This process, conducted pursuant to the State Environmental Quality Review Act (SEQRA) and the City’s Environmental Quality Review (CEQR) rules, generally results in the issuance of an Environmental Impact Statement (EIS) examining how adding new taxicabs could affect a number of factors such as existing for-hire industries, medallion values, driver income, traffic, parking, safety, air quality, and public health.²¹ Although the TLC issues new for-hire vehicle licenses on a rolling basis with no limits, no EIS has accompanied this growth.

Livery bases are required to have off-street parking and submit an application for service to the community board and Council Member in the impacted area.²² The application requires base owners to submit a business plan, indicate how many vehicles will affiliate with the base and how many trips they anticipate each vehicle will conduct per day.²³ Black car bases are exempt from these requirements.²⁴

Growth in the For-Hire Industry

Advances in smartphone technology have led to the development of the so-called “sharing economy,” which links consumers to peers providing a service, such as transportation or lodging, resulting in a new model of non-professional drivers offering passengers transportation in their own vehicle, often known as ridesharing.²⁵ It was in this context that Uber, Lyft and other app-

²⁰ N.Y. State Environmental Conservation Law § 8-0103.

²¹ *Id.*; 62 R.C.N.Y. Ch. 5.

²² 35 R.N.Y.C §59B-05

²³ *Id.*

²⁴ *Id.*

²⁵ Emily Nicoll and Sally Armstrong, *Ridesharing: The Rise of Innovative Transportation Services*, MaRS, (April 12, 2016) available at <https://www.marsdd.com/news-and-insights/ride-sharing-the-rise-of-innovative-transportation-services/>

based companies first entered the New York City market between 2011 and 2014. Rideshare FHV's are subject to the same requirements as non-rideshare FHV's, including being subject to regular drug testing, background check, and TLC licensure, and are regulated by the TLC, although they may operate in other jurisdictions with fewer regulations.^{26 27}

App-based companies operate most of their bases under the black car designation due to the fact that more than 90% of their transactions are non-cash.²⁸ Traditionally, black car companies served business clients; however, as many new providers elected to operate as black car services, this sector has exploded in growth and now caters to a much larger number and variety of customers.²⁹ The chart on the following page illustrates historic changes in the number of licensed for-hire vehicles. TLC Commissioner Meera Joshi testified at recent City Council hearing that currently TLC has issued licenses to around 130,000 vehicles, and they process approximately 2,000 vehicle applications per month.³⁰

In February 2017, transportation consultant and former DOT Deputy Commissioner for Traffic and Planning Bruce Schaller, who helped to produce the City's earlier FHV Study, released a report which found that, between June 2015 (the end of the period covered by the FHV Study) and the fall of 2016, e-dispatch passenger volumes tripled, to 500,000 riders per day, far outpacing

²⁶ *Id.*

²⁷ T.L.C., About TLC, <http://www.nyc.gov/html/tlc/html/about/about.shtml> (last accessed August 5,2018) and Erin Durkin, *Uber Plans to buck city Licensing Rules if Competitor Lyft Can Get Away with it*, Daily News (July 10,2014) available at <http://www.nydailynews.com/blogs/dailypolitics/uber-plans-buck-city-licensing-rules-competitor-lyft-blog-entry-1.1861854> and Matt Flegenheimer and Brian Chen *As Taxi-Hailing App Comes to New York, Its Legality is Questioned* N.Y Times (Sept. 4,2012) available at <https://www.nytimes.com/2012/09/05/nyregion/as-ubers-taxi-hailing-app-comes-to-new-york-its-legality-is-questioned.html>.

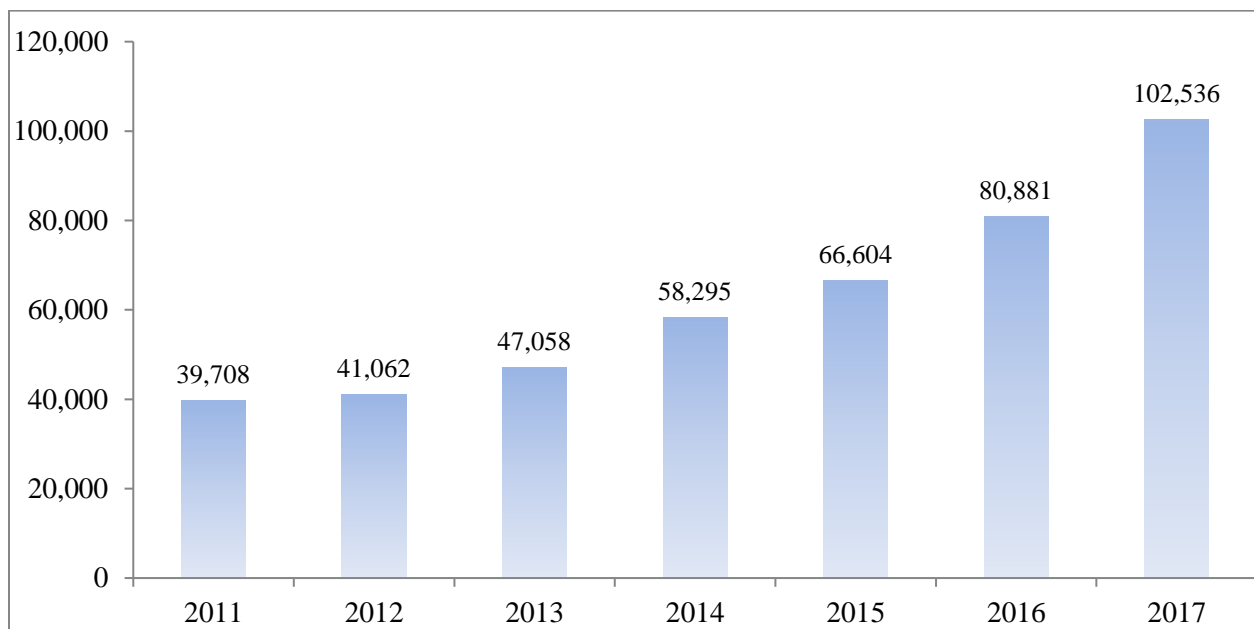
²⁸ N.Y.C T.L.C Fact Book 2016, available at http://www.nyc.gov/html/tlc/downloads/pdf/2016_tlc_factbook.pdf.

²⁹ Schaller Consulting, *The New York City Taxicab Fact Book 26* (Mar. 2006), available at <http://www.schallerconsult.com/taxi/taxifb.pdf>.

³⁰ N.Y.C Council Fiscal Year 2019, Preliminary Budget Hearing For-Hire Vehicles Committee, Testimony of TLC Commissioner Meera Joshi, (March 8,2018) available at <http://legistar.council.nyc.gov/MeetingDetail.aspx?ID=594642&GUID=2290DDB6-BCF4-40E3-981E-7CC682EE144D&Search=>.

the drop in yellow taxi trips, leading to large additions in overall taxi/FHV trip volumes.³¹ The February 2017 Schaller report found that e-dispatch accounted for an additional 600 million miles of driving on City streets in 2016. Notably, the report found that “in 2015, and to an even greater extent in 2016, growth in taxi and for-hire ridership outpaced growth in transit (subway and bus) ridership” and is now the leading source of growth in non-personal vehicle travel in the city.³² This is significant because in the previous two decades the transit system was able to absorb nearly all of the growth of travel in the City generated by increases in population and economic activity, largely avoiding the increases in congestion that would have otherwise been inevitable.³³

Number of Licensed For-Hire Vehicles³⁴



³¹ *Id.*

³² *Id.*

³³ *Id.*

³⁴T.L.C., 2011 Annual Report 8, available at http://www.nyc.gov/html/tlc/downloads/pdf/annual_report_2011.pdf; T.L.C., 2012 Annual Report 10, available at http://www.nyc.gov/html/tlc/downloads/pdf/annual_report_2012.pdf; T.L.C., 2013 Annual Report 8, available at http://www.nyc.gov/html/tlc/downloads/pdf/annual_report_2013.pdf; T.L.C., 2014 Annual Report 9, available at http://www.nyc.gov/html/tlc/downloads/pdf/annual_report_2014.pdf; T.L.C., 2015 Annual Report 9, available at http://www.nyc.gov/html/tlc/downloads/pdf/annual_report_2015.pdf; T.L.C., 2016 Annual Report 8, available at http://www.nyc.gov/html/tlc/downloads/pdf/annual_report_2016.pdf; T.L.C., 2017 Annual Report 8, available at http://www.nyc.gov/html/tlc/downloads/pdf/annual_report_2017.pdf.

This upward trend in registered vehicles may, in part, be related to app-based companies' vehicle lease programs. In New York City, Uber has partnerships with dealerships that offer vehicle financing options to drivers with low credit scores.³⁵ The companies have payment plans for drivers that charge as high as \$500 per week and that require drivers to sign a payment deduction authorization that allows the dealer take the fees directly from the driver's Uber earnings.³⁶ Drivers are incentivized with the promise that they will own their vehicle within three years. However, the driver may end up paying more than the actual sticker price of the vehicle.³⁷ A report released by the Independent Driver's Guild, an advocacy group that represents app-based drivers, found that drivers who lease their vehicles have on average annual expenses up to \$35,000 and drivers who own their vehicles or have a loan had an average annual cost of \$30,000.³⁸

The app-based FHV sector is growing unsustainably and is now at crisis level. High-volume app-based FHV trips grew 800% between 2014-17, and the growth in FHV and taxis was greater from 2016 to 2017 than the previous four years combined. Since May 2016, an average of 1700 net additional app-based FHV have become active every month. High-volume FHV trip volumes were 1.5 times higher in May 2018 compared to May 2017.³⁹ Growth in high-volume FHV trips means that taxis and for-hire vehicles combined now perform 14 million more trips in a month when compared to January 2015.⁴⁰ FHV/taxi growth was greater between 2016 and 2017

³⁵ Uber NYC, "Rent a TLC Car, available at <https://www.uber.com/drive/new-york/get-started/tlc-car-rentals/> (last accessed April 26, 2018)

³⁶ Griswold, Alison, Inside Uber's unsettling alliance with some of New York's shadiest car dealers, (June 27, 2017), available at <https://qz.com/1013882/ubers-rental-and-lease-programs-with-new-york-car-dealers-push-drivers-toward-shady-subprime-contracts/>.

³⁷ *Id.*

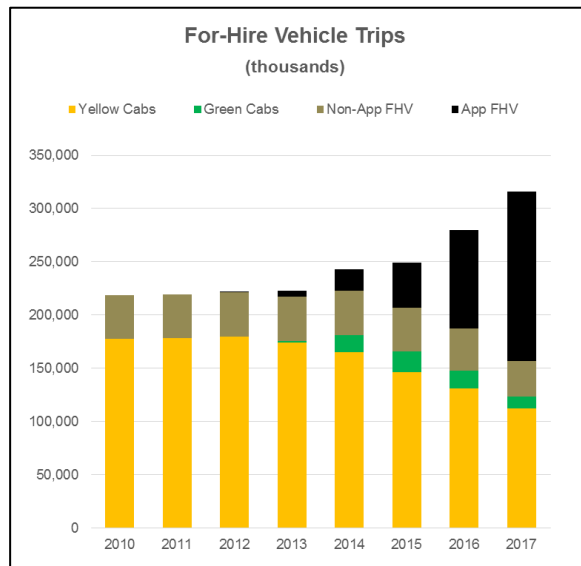
³⁸ Independent Drivers Guild, "Progress Toward A Fair For-Hire Vehicle Industry," (2017) available at <https://drivingguild.org/wp-content/uploads/2017/11/Progress.pdf>

³⁹ TLC Ride Data (July 2018)

⁴⁰ TLC Ride Data (July 2018)

than the prior four years combined.⁴¹ Since May 2016, an average of 1,700 app-based FHV's have become active every month.⁴²

The below graphs indicate that the growth of app-based FHV's has more than compensated for a decline in yellow taxis, leading to overall growth in the sector:



Source: TLC Ride Data

Impacts on Traditional Sectors

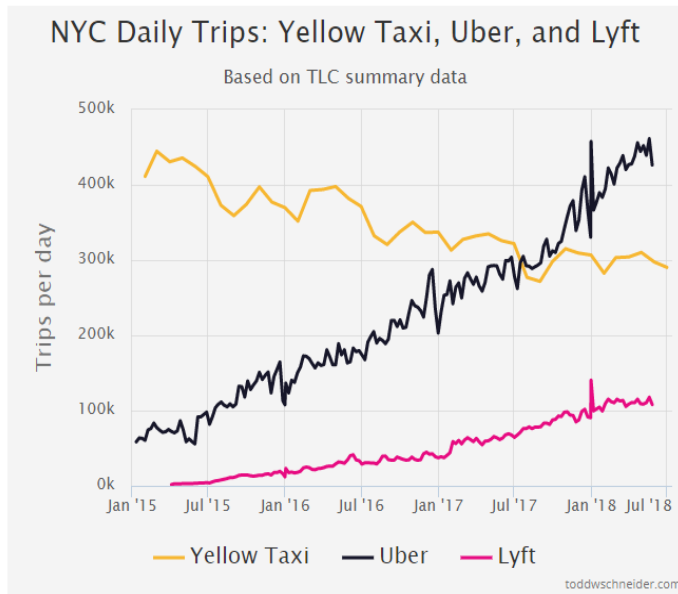
Due to the different licensing requirements between the medallion and FHV sectors, members of the taxi industry have argued that the less stringent rules and operating requirements in the FHV sector have given FHV's, and, in particular, app-based FHV's, an unfair advantage, allowing the FHV industry to grow rapidly in a just a few years. Taxi medallion owners have frequently expressed that they are facing financial hardship because of the difficulties in finding passengers when drivers are on the road.

The graph below indicates that as Uber trips have increased, the number of taxi trips have

⁴¹ MTA, 'Ridership Trends: New York City Transit' (July 2018), [http://web.mta.info/mta/news/books/docs/Ridership_Trends_FINAL_Jul2018.pdf] , p6

⁴² TLC Ride Data (July 2018)

declined. As of July of 2017, Uber has surpassed the number of taxi trips per day in New York City.



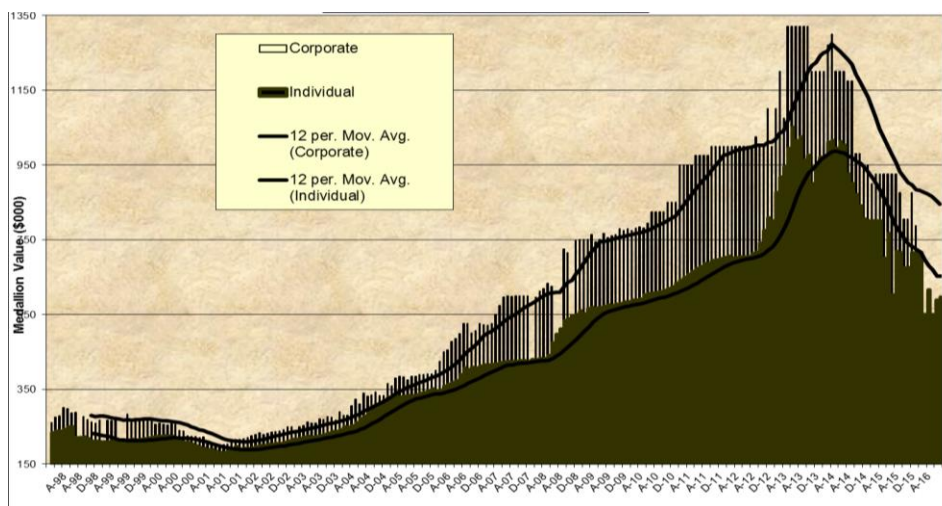
The Price of Medallions

The price of medallions on the secondary market has significantly decreased, with medallions selling at recent secondary auctions between \$120,000 and \$400,000.⁴³ According to TLC Commissioner’s testimony at the Fiscal Year 2019 preliminary budget hearing, “[t]he reason being is that some are foreclosures, some are bankruptcies, some have financing, most do not and some are all-cash deals.” This is a substantial decrease from the \$1.3 million price recorded in 2013 and 2014, though industry experts have cautioned that those prices may have been inflated.⁴⁴ The chart below shows the medallion prices from 1998 to July 2016.

⁴³ *Id* at 19.

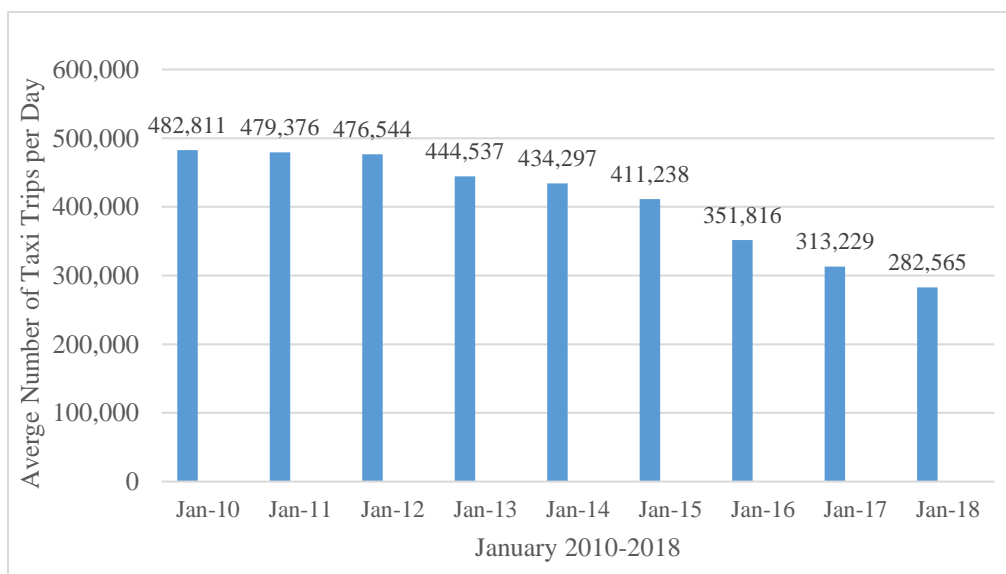
⁴⁴ Winnie Hu, *Yellow Cab, Long a Fixture of City Life, Is for Many a Thing of the Past*, N.Y. Times, (January 15, 2017), available at <https://www.nytimes.com/2017/01/15/nyregion/yellow-cab-long-a-fixture-of-city-life-is-for-many-a-thing-of-the-past.html? r=0>.

Medallion Sale Prices – 1998 to July 2016⁴⁵



The chart below shows the average number of taxi trips per day, comparing January trip data from 2010-2018:

Average Number of Taxi Trips per Day⁴⁶



⁴⁵ Source: Metropolitan Taxicab Board of Trade

⁴⁶ N.Y.C T.L.C Aggregate Reports, Yellow Taxi Monthly Indicators, available at http://www.nyc.gov/html/tlc/html/technology/aggregated_data.shtml (last accessed April 26, 2018).

The effect of app-based service has been felt by the traditional FHV sector. On February 5, 2018, a Doug Schifter, a livery driver, committed suicide outside of City Hall. Hours before the incident, Mr. Schifter wrote about his experience as a driver, indicating that he had to work more than 100 hours a week to make ends meet. Mr. Schifter blamed Mayor Michael Bloomberg and Mayor Bill de Blasio for allowing a proliferation of vehicles on the streets, and blamed the TLC for the fines it imposed.⁴⁷

This incident uncovered the previous death of another TLC driver, Danilo Corporan Castillo, who took his life on December 20, 2017, after a TLC hearing where he was facing the possibility of having his license revoked.⁴⁸

After the death of Mr. Schifter, there were several deaths of TLC drivers. On March 16, 2018, Nicanor Ochisor, a medallion owner and driver, took his life reportedly because of the debt he was facing.⁴⁹ Subsequently, Alfredo Perez, a livery driver, took his own life, though little is known as to why.⁵⁰ In May 2018, Yu Mein “Kenny” Chow, a medallion owner, committed suicide while facing financial trouble.⁵¹ In June 2018, Abduel Saleh, a taxi driver, also committed suicide.⁵²

⁴⁷ Gina Bellafante, *A Driver’s Suicide Reveals the Dark Side of the Gig Economy*, N.Y. Times, Feb. 6, 2018, available at <https://www.nytimes.com/2018/02/06/nyregion/livery-driver-taxi-uber.html>.

⁴⁸ Dan Rivoli, Edgar Sandoval, *Leonard Greene, Distraught Livery Driver Killed Himself Weeks Before Second City Hall Suicide*, N.Y Daily News, Feb. 6, 2018, available at <http://www.nydailynews.com/new-york/distraught-driver-killed-weeks-city-hall-suicide-article-1.3803684>.

⁴⁹ Danielle Furfaro and Max Jaeger, *Cabbie blamed Uber, Lyft for financial woes before hanging himself*, N.Y. Post, March 21, 2018, available at <https://nypost.com/2018/03/21/cabbie-blamed-uber-lyft-for-financial-woes-before-hanging-himself/>

⁵⁰ Noah Manskar, *Uber, Lyft Pushing Cabbies to Suicide, Taxi Drivers Say*, Patch, March 28, 2018 available at <https://patch.com/new-york/new-york-city/uber-lyft-pushing-cabbies-suicide-taxi-drivers-say>

⁵¹ Nikita Stewart and Luis Ferre-Sadurni, *Another Taxi Driver Takes his Life. That’s Five in Five Months*. N.Y Times, May 27, 2018 available at <https://www.nytimes.com/2018/05/27/nyregion/taxi-driver-suicide-nyc.html>

⁵² Dan Rivoli, *Sixth Cab Driver Commits Suicide amid Financial Struggles*, N.Y Daily News, June 15, 2018, available at <http://www.nydailynews.com/new-york/ny-metro-taxi-driver-suicide-20180615-story.html>

Impact on Driver Income

The TLC released a report in July 2018 on app-driver earnings titled “An Earnings Standard for New York City’s App-based Drivers: Economic Analysis and Policy Assessment” (“the Earnings Standard”). The report was prompted by concerns with how app-companies compensate drivers. The Earnings Standard was based on the research of economists James Parrot and Michael Reich, who studied TLC trip data and driver pay data supplied by Uber, Lyft, Juno, and Via.⁵³

The report found that the majority of app-based drivers in New York City are immigrants.⁵⁴ Two-thirds of drivers list driving as their only occupation, which they rely on because they provide the bulk of their family’s income.⁵⁵ Almost 60% of these drivers work more than thirty hours per week.⁵⁶ The report found that 40% of drivers have incomes low enough to qualify for Medicaid and 16% of drivers have no coverage at all.⁵⁷ Additionally, 18% of drivers qualify for federal supplemental nutrition assistance (also known as SNAP), twice the rate for New York City workers overall.⁵⁸ Reich and Parrot determined that the current median net hourly earnings in the industry is \$14.25, which 85% of app-based drivers are paid per week.⁵⁹

The TLC commissioned the study in order to examine the effects of a potential raise of the pay floor to \$17.22 per hour, which would be equivalent to the New York State minimum wage in New York City that will take effect on December 31, 2018, and includes an additional 90 cents for

⁵³ James A. Parrott and Michael Reich, *An Earnings Standard for New York City’s App-based Drivers: Economic Analysis and Policy Assessment* (July 2018), available at <http://www.centernyc.org/an-earnings-standard>

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ *Id.* at p.21.

⁵⁷ *Id.* at p.5.

⁵⁸ *Id.*

⁵⁹ *Id.* at p.21.

paid time off and the employee's \$1.32 share of payroll tax.⁶⁰ ⁶¹ Currently, 85% of drivers earn below \$15 per hour, after expenses. This means that the hourly earnings for drivers is down more than \$3 from between 2016 and 2017.

The floor, which would be met by companies based on a "minimum pay standard formula" for each trip, also includes a \$1 bonus per pickup for shared riders, because 40% of drivers with the lowest estimated hourly earnings provided shared rides. It would allow the average driver to see their pay increase by 22.5% or \$6,345 additionally per year.⁶² For the remainder of drivers who do make above the proposed standard, most of them drive vehicles that qualify for premium services and higher fares.⁶³ The policy proposal encourages the industry to reduce overcharging commissions rather than raising fares.⁶⁴ The pay floor is also intended to incentivize improved driver utilization (the amount of time a passenger is in a vehicle), shared rides, and reduce the growth in the number of new app-based drivers. The pay standard is not the passenger fare and is not a mandated pay method, but rather sets a basis for a driver's earnings floor.

The formula calculates the minimum pay per trip by multiplying distance of the trip in miles and \$0.58 (which the authors determined based on drivers' per mile expenses) to cover driving costs, as well as the time of the trip multiplied by \$0.287 (which compensates drivers for their time at \$17.22/60 minutes) to cover net expenses.⁶⁵ These factors are divided by the company's specific utilization rate in the previous quarter. The utilization rate is the amount of

⁶⁰ *Id.* at p.34.

⁶¹ *Id.* at p.7.

⁶² *Id.* at p.4.

⁶³ *Id.* at p. 30.

⁶⁴ *Id.*

⁶⁵ *Id.* at p.34.

time drivers had passengers in their vehicles, which TLC analyzed based on company trip data from the previous quarter.⁶⁶

The first chart below indicates the app company utilization rate for 2017.

App-Company Utilization

Here are 2017 utilization rates for each of the four major app-dispatch companies serving New York City:

Juno	50%
Lyft	58%
Uber	58%
Via	70%

Below is an example of how the proposed pay standard applies to a typical trip.

Exhibit 17: The Proposed Driver Pay Standard Applied to a Typical Trip

A typical FHV trip might be 7.5 miles in distance and 30 minutes in time.

Here is how the driver minimum pay standard (not the passenger fare) would be calculated under the proposal pay standard (assuming an industry-wide average utilization of 58%):

$$\frac{(.580 * 7.5 \text{ miles})}{.58 \text{ utilization}} + \frac{(\$0.287 * 30 \text{ minutes})}{.58 \text{ utilization}} = \$22.34$$

Note: this is the minimum pay standard (for a non-shared ride), not the passenger fare, and the company and the driver can always agree that driver pay for any trip should be higher.

The driver pay standard ensures that the driver can cover vehicle expenses as well as get paid at least the independent contractor equivalent of \$15.00 an hour.

The formula incentivizes each company to raise its company-wide utilization rate from one quarter to the next, by increasing the average number of trips per driver hour,⁶⁷ since a higher company utilization rate lowers the company's costs for the expense and time components.⁶⁸

⁶⁶ *Id.*

⁶⁷ *Id.*

⁶⁸ *Id.*

The proposed pay increase and shared ride bonus would cost companies an additional 13.2%,⁶⁹ but the authors argue that companies would limit the entry of new drivers onto the platform, queue future rides, allocate trips to drivers who drive longer hours, and promote more shared rides.⁷⁰ These efforts would assist in increasing the utilization rate, absorbing much of the effect of the proposed plan. The Parrot and Reich report expected response time to increase by an average of 18 seconds.⁷¹

The authors note that the proposed plan would likely have a moderate effect on improving congestion and it might also help taxi and street hail services, as it would reduce competition between the sectors. However, the authors note that non-app FHV companies may continue to lose market share.⁷²

Since 2014, there has been a dramatic increase in the use of app-based FHV. App-based FHV trips grew 800% from 2014 to 2017, from 20 to 160 million annual trips.⁷³ In May 2018, almost 18.5 million trips were dispatched by high-volume FHV companies, more than six times the trip volume in May 2015.⁷⁴ As of July 2018, over 78,000 vehicles were affiliated with high-volume FHV bases, up from about 12,500 in January 2015. These bases can also dispatch to any licensed FHV in their vehicle class (i.e., black car) that is not affiliated with their base.⁷⁵ Drivers were dispatched on almost 18.5 million trips per month for high-volume FHV bases in May 2018—twice as many trips as the yellow taxi industry—in 76,000 vehicles, or six times as many FHV as taxis. App-based FHV now providing over 575,000 trips a day during the week and

⁶⁹ *Id.* at p.54.

⁷⁰ *Id.* at p. 57.

⁷¹ *Id.*

⁷² *Id.*

⁷³ NYC DOT (July 2018)

⁷⁴ TLC Ride Data (July 2018)

⁷⁵ TLC Ride Data (July 2018)

nearly 675,000 trips on the weekend.⁷⁶ As of May 2018, app-based FHV trips have increased by 520,000 trips per day compared to May 2015. Yellow cab trips have declined by 127,000 trips per day during the same period.

Drivers for app-based FHVs do not have sufficient worker protections, and are left vulnerable. If Uber's drivers were recognized as employees, Uber would be the largest private sector employer in the CITY of New York⁷⁷ 85% of drivers for the four largest FHV companies (Uber, Lyft, Via, and Juno) currently earn below \$17.22, the independent contractor equivalent of a \$15 hourly wage, with an allowance for paid time off, which NYS will soon implement as the minimum wage.⁷⁸ Driver earnings before expenses have declined since 2014. Between 2016 and 2017, mean hourly earnings for drivers across all four companies decreased by more than \$3 per hour.⁷⁹ Between 60-65% of FHV drivers work full-time and 80% acquired a car, at least in part, to drive professionally.⁸⁰ According to Reich and Parrott, "app companies have been able to expand their workforce by drawing principally immigrants without a four-year college degree and who face restricted labor market opportunities; and 60-65 percent of app drivers are full-time, without another job, and about 80 percent acquired a car to earn a living by driving."⁸¹ Moreover, "[t]he proposed policy would increase driver net earnings (after expenses) by 22.5 percent or an average of \$6,345 per year among the 85 percent of drivers who would get increases The policy could be fully paid for by combining an increase of 2.4 minutes in driver trips with passengers per working hour with reductions in company commissions. Fare increases would then

⁷⁶ TLC Ride Data (July 2018)

⁷⁷ Parrott, James A. & Reich, Michael, 'An Earnings Standard for New York City's App-based Drivers: Economic Analysis and Policy Assessment' (July 2018), [<http://www.centernyc.org/an-earnings-standard/>], p17

⁷⁸ Parrott & Reich, 'An Earnings Standard for New York City's App-based Drivers', p1

⁷⁹ Parrott & Reich, 'An Earnings Standard for New York City's App-based Drivers', p24

⁸⁰ TLC Ride Data (July 2018)

⁸¹ Parrott & Reich, 'An Earnings Standard for New York City's App-based Drivers', p5

be small (five percent or less) and average wait times for passengers would increase by about 12 to 15 seconds.”⁸²

Impact on Congestion

Local Law 75 of 2015 required the TLC to conduct a study on how growth in the taxi and FHV industries had impacted traffic, air quality, noise, and public health. In January 2016, the City released its For-Hire Vehicle Transportation Study (“FHV Study”).⁸³ The study found that traffic congestion in the Manhattan central business district (“CBD”) had gotten worse over the preceding five years, with average vehicle speeds falling nearly 10% in the preceding two years.⁸⁴ Worsening congestion not only has implications for personal vehicle drivers, taxi and FHV drivers and passengers, but also on bus speeds, businesses and individuals who rely on the delivery of goods via trucks.⁸⁵ The study found that the recent decrease in vehicle speeds was caused primarily “by increased freight movement, construction activity, and population growth.”⁸⁶ While all vehicle trips played a role in congestion, the study determined that app-based FHV services were not contributing to the increased traffic congestion in the CBD because “increases in e-dispatch trips [were] largely substituting for yellow taxi trips.”⁸⁷

Vehicle Efficiency

In December of 2017, a report was released by Bruce Schaller that specifically focused on Manhattan traffic congestion comparing taxi/transportation network company (TNC) data from June 2013 and June 2017.⁸⁸ Schaller looked at vehicle speeds, the number of taxis/TNC on the

⁸² Parrott & Reich, ‘An Earnings Standard for New York City’s App-based Drivers’, p1

⁸³ City of New York Office of the Mayor, *For-Hire Vehicle Transportation Study*, Jan. 2016, available at <http://www1.nyc.gov/assets/operations/downloads/pdf/For-Hire-Vehicle-Transportation-Study.pdf>

⁸⁴ *Id.*

⁸⁵ *Id.*

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ Note that “TNC” is the term used by Schaller, and so will be used here only in the context of discussing his research.

road and the declining amount of time a vehicle has a passenger, known as vehicle utilization – according to Schaller, TNC “trip growth has added a significant number of trips in certain already-congested neighborhoods where... traffic conditions can as much as double the time required to travel a few miles.”⁸⁹ Additionally, “the City has historically used pricing of taxicab fares and parking to discourage auto use in Manhattan. As they steadily cut fares, app-based FHV’s are erasing these longstanding financial disincentives for traveling by motor vehicle in Manhattan.”⁹⁰

The report found that the Manhattan CBD is most congested during peak times on weekdays from 8 AM to 7 PM, when traffic speed is the slowest.⁹¹ The combined number of taxi/TNC vehicles on weekdays in the CBD increased by 59 percent between 2013 and 2017. The number of unoccupied taxi/TNCs increased by 81 percent, more rapidly than overall vehicle hours due to declining utilization. The number of taxi and TNC vehicles increased in the CBD and weekday mileage increased more rapidly.⁹²

From 2013-17 the number of combined trips from yellow taxis and app-based FHV’s in the Manhattan core increased by 19%, and the number of hours FHV’s spent in the area while carrying passengers increased 42%.⁹³ The impact of the increased use of app-based FHV’s on roads in the Manhattan core is 4 times higher than upper Manhattan and 5 times higher than in inner Brooklyn.⁹⁴

Bruce Schaller stresses that the City’s January 2016 report studied a time period that mostly did not reflect the explosion of app-based FHV’s. The City analyzed data from June 2013 to June

⁸⁹ Schaller, Bruce, ‘Unsustainable?’ 19

⁹⁰ Schaller, Bruce, ‘Unsustainable? The Growth of App-Based Ride Services and Traffic, Travel and the Future of New York City’ (February 2017), [<http://schallerconsult.com/rideservices/unsustainable.pdf>], 6

⁹¹ Bruce Schaller, *Empty Seats, Full Streets: Fixing Manhattan’s Traffic Problem*, Dec. 21, 2017 available at <http://www.schallerconsult.com/rideservices/emptyseats.pdf>; Report Overview, available at

<http://www.schallerconsult.com/rideservices/emptyseats.htm>

⁹² *Id.*

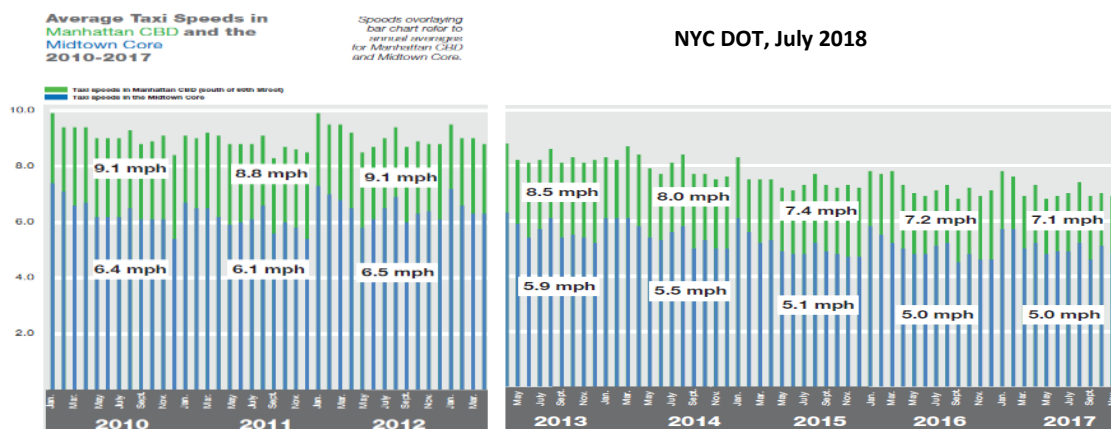
⁹³ NYC DOT (July 2018)

⁹⁴ NYC DOT (July 2018)

2015, which meant the data mostly reflected conditions before the accelerated expansion of app-based FHV's began in the spring of 2015.⁹⁵ As Schaller and DOT have documented extensively, the situation has evolved dramatically since then. In 2018, traffic slowed to roughly 5 mph in Midtown and 7 mph in Manhattan CBD.⁹⁶

Meanwhile, DOT have stated that the growth in app-based FHV services is also a likely significant factor in the decline in travel speeds since 2014, as these services have added a substantial volume of traffic on Manhattan streets.⁹⁷

The below chart shows decreasing CBD and Midtown Core taxi speeds from 2010-2017:



The increased time and mileage that drivers spend between trips exacerbates congestion and does not help with the actual transportation of New Yorkers.⁹⁸ He also argues that reducing the amount of time a vehicle is unoccupied is the best policy proposal because it reduces the amount of time app-drivers spend waiting for their next trip request which now averages 11 minutes.⁹⁹ Reducing unoccupied time between trips for taxis and TNCs can substantially reduce overall vehicle mileage in the CBD and thus overall congestion levels.

⁹⁵ Schaller, Bruce, 'Unsustainable?' 16

⁹⁶ NYC DOT (July 2018)

⁹⁷ NYC DOT (July 2018)

⁹⁸ *Id.*

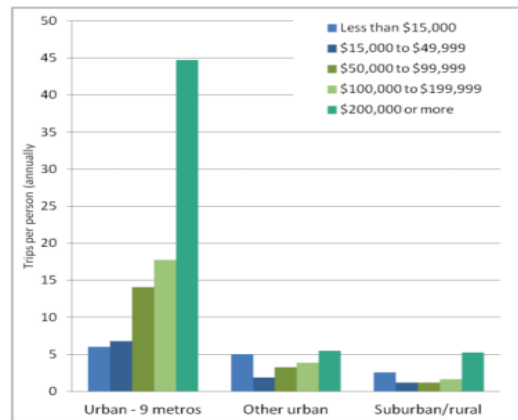
⁹⁹ *Id.*

The New Automobility: Lyft, Uber and the Future of American Cities

In July 2018, Schaller released another report that analyzed the benefits and drawbacks of e-dispatch services and “microtransit,” which Schaller defines as shared-ride services (trips that involve multiple passengers picked up from different locations) in which passengers walk to a pick up location. Chariot and Via are both examples of this type of service.¹⁰⁰

The report analyzed the ways in which lawmakers can mitigate congestion and traffic impacts, and the implications of ridesharing services in future city planning across nine major U.S cities.¹⁰¹ The Schaller report found that app-based passengers tend to be individuals who have a college degree and earn over \$50,000 annual income, and who are between the ages of 25-34. This demographic is twice as likely to use TNCs as individuals who are less educated, less affluent, and older. The chart below shows the number of trips per person annually by income.¹⁰²

Figure 8. TNC trip rates by household income



According to the report, TNC services, such as Uber and Lyft, add 2.8 new TNC vehicle miles on the road for each mile of personal driving removed.¹⁰³ This translates to an overall 180%

¹⁰⁰ Bruce Schaller, *The New Automobility: Lyft, Uber and the Future of American Cities*, July 25, 2018, available at <http://www.schallerconsult.com/rideservices/automobility.pdf>; Report Overview, available at <http://www.schallerconsult.com/rideservices/automobility.htm>.

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *Id.*

increase in driving on city streets.¹⁰⁴ Additionally, shared services such as UberPool and Lyft Line only slightly reduce the vehicle miles added for each mile in personal vehicles removed, shifting from 2.8 to 2.6 miles added.¹⁰⁵ Despite claims by Lyft that customers sharing rides “are helping to reduce the carbon footprint left by our country’s dominant mode of transportation – driving alone”, even if half of rides were shared, TNC services would still add 120% vehicle miles. Schaller argues that shared rides also add to traffic because passengers who choose pooled options are switching from non-vehicle forms of transportation.¹⁰⁶ In 2017, New York State passed legislation to legalize and regulate TNCs, and which applies to all counties outside of New York City. The State imposes an annual licensing fee per service of \$50,000.¹⁰⁷ Schaller also found that TNC services added 976 million miles of driving between 2013 and 2017.

Schaller had specific policy recommendations for combating congestion including implementing trip fees, congestion pricing, increasing the number of bus lanes, and implementing traffic signal timing.¹⁰⁸ Additionally, policies should increase vehicle utilization so that TNCs spend less time without a passenger.¹⁰⁹ In addition, the report points out that the impending introduction of autonomous, or so called driverless vehicles to city streets requires steps to be taken sooner in order to mitigate further congestion.¹¹⁰

Drivers who perform trips for high-volume FHV bases drive an average of 35,000 miles per year. Multiplied across the average monthly total of active licensed vehicles from June 2017

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ San Francisco County Transportation Authority, *The TNC Regulatory Landscape an Overview of Current TNC Regulation in California and Across the Country*, (December 2017), available at https://www.sfcta.org/sites/default/files/content/Planning/TNCs/TNC_regulatory_020218.pdf

¹⁰⁸ *Id.*

¹⁰⁹ *Id.*

¹¹⁰ *Id.*

to May 2018, these FHV drivers drove about 2.42 billion miles in a year.¹¹¹ After holding steady in the 2000's, the number of registered vehicles in NYC increased by 200,000 from 2010 - 2016, an increase of 10%. DOT and TLC estimate that 10-15% of these vehicles were purchased to be used as FHV's.¹¹² App-based FHV drivers must drive to the pick-up location and drive between trips, adding to overall mileage. App-based FHV's cover 8.6 miles per trip in NYC, higher than in San Francisco or Chicago, and spend 40% of their trips without a passenger.¹¹³ From June 2017 to May 2018, app-based FHV's drove about 2.42 billion miles in a year.¹¹⁴

Proposed Int. No. 144-B would pause the issuance of for-hire vehicle licenses for one year while the TLC and DOT study congestion in the for-hire vehicle sector and develop ways to maximize the efficiency of vehicles that operate through high volume for-hire services.

Impact on Public Transportation

Schaller noted that while TNCs and microtransit options can be key extensions of public transit, these services should not replace public transportation. According to the Metropolitan Transportation Authority (MTA), 50% of regular app-based FHV users in NYC reported formerly using transit for trips they now make with app services.¹¹⁵ This is consistent with reports from other major cities.¹¹⁶ While some argue that app-based FHV's can complement transit, by providing travel to and from subway or bus stations, over 95% of individuals walk to or from transit.¹¹⁷ Bus ridership is down 20% from its 2008 peak and subway ridership is down 5% from its 2015 peak.¹¹⁸

¹¹¹ TLC Ride Data (July 2018)

¹¹² NYC DOT (July 2018)

¹¹³ Schaller, Bruce, 'The New Automobility', p18

¹¹⁴ TLC Inspection Data (July 2018)

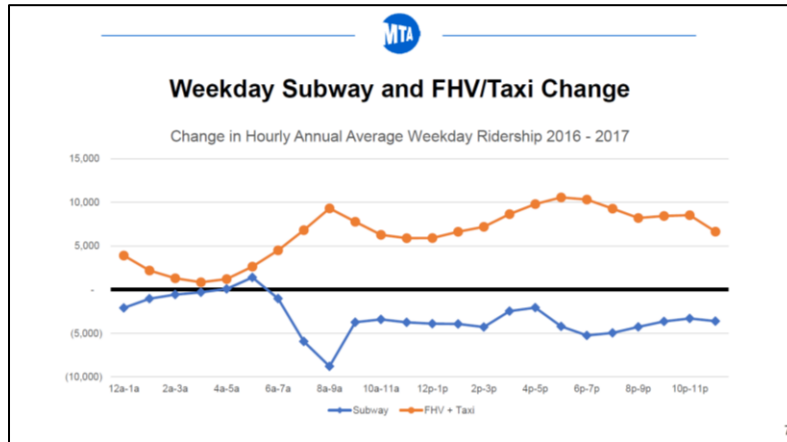
¹¹⁵ NYC DOT (July 2018)

¹¹⁶ NYC DOT (July 2018)

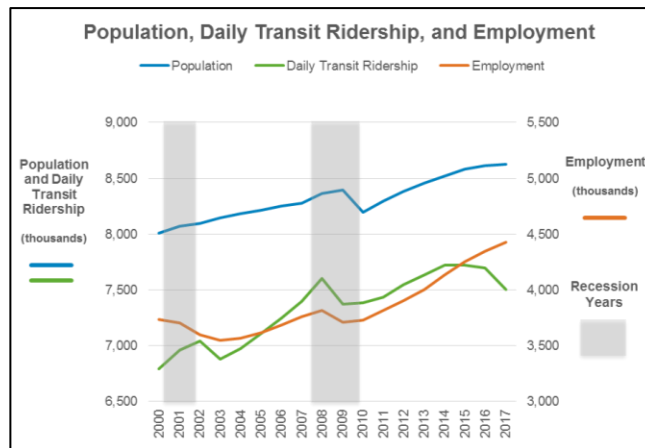
¹¹⁷ NYC DOT (July 2018)

¹¹⁸ NYC DOT (July 2018); MTA, 'Ridership Trends', p2

The below graph indicates the relationship between decreased subway use and increasing use of app-based FHV, particularly during traditional commuting hours.¹¹⁹



The below graph shows the decline in transit ridership since 2014.¹²⁰



High-volume FHV trip volumes were 1.5 times higher in May 2018 compared to May 2017.¹²¹ Growth in High-volume FHV trips means that taxis and for-hire vehicles combined now perform 14 million more trips in a month when compared to January 2015.¹²² FHV/taxi growth

¹¹⁹ MTA, 'Ridership Trends: New York City Transit', p2

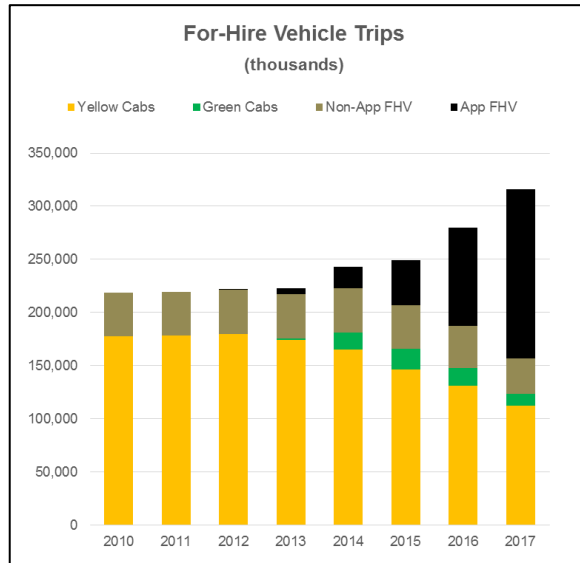
¹²⁰ NYC DOT (July 2018)

¹²¹ TLC Ride Data (July 2018)

¹²² TLC Ride Data (July 2018)

was greater between 2016 and 2017 than the prior four years combined.¹²³ Since May 2016, an average of 1,700 app-based FHV's have become active every month¹²⁴

The below graph indicates that the growth of app-based FHV's has more than compensated for a decline in yellow taxis, leading to overall growth in the sector.



Impact on outer boroughs

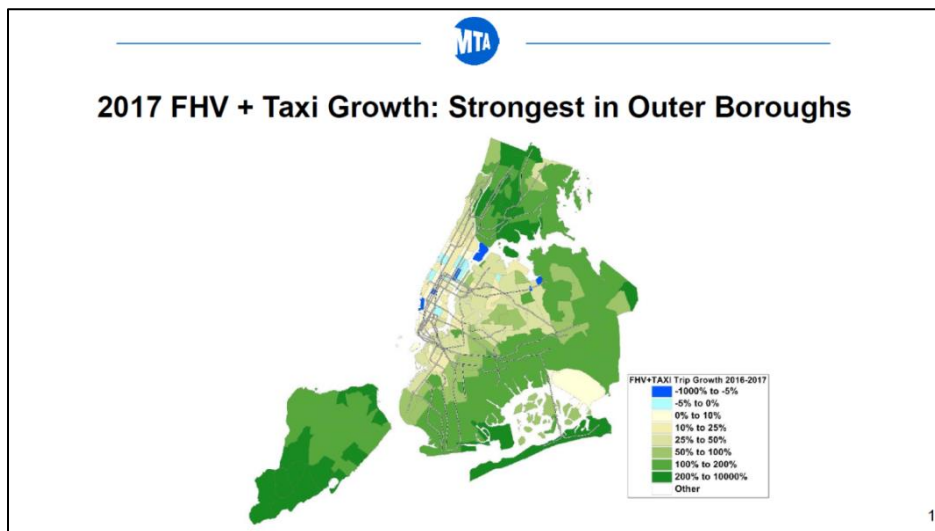
App-based FHV's have helped grow coverage in the outer boroughs. In recent years there has been significant growth in FHV coverage in the outer-boroughs. 46% of app-based FHV trips do not either start or end in the Manhattan core.¹²⁵

¹²³ MTA, 'Ridership Trends: New York City Transit' (July 2018), [http://web.mta.info/mta/news/books/docs/Ridership_Trends_FINAL_Jul2018.pdf] , p6

¹²⁴ TLC Ride Data (July 2018)

¹²⁵ NYC DOT (July 2018)

The below graph illustrates how the Taxi/FHV sector grew in 2017 across NYC.



Source: MTA, 'Ridership Trends, p11

Accessibility

In December 2013, disability advocates, along with the TLC and the Mayor's Office for People with Disabilities (MOPD), entered into a settlement to require that 50% of yellow taxicabs be wheelchair accessible by 2020.¹²⁶ In June 2014, in accordance with the state Hail Accessible Inter-borough License (HAIL) Act, the TLC submitted a Disabled Accessibility Plan ("DAP") describing strategies it would use to increase the accessibility of the taxi and for-hire vehicle fleets for people with disabilities.¹²⁷ The DAP lays out a plan to make 54% of the yellow and green taxi fleets wheelchair-accessible, including 12,700 accessible vehicles by 2024.

Prior to 2017, the TLC had not imposed any vehicle requirements related to accessibility on the FHV sector. In July 2017, after discussions with disability advocates the TLC released proposed FHV Accessible Vehicle Rules.¹²⁸ These rules would have required bases to provide

¹²⁶ N.Y.C T.L.C Disability Accessibility Plan, August 21, 2014, available at <http://home2.nyc.gov/html/mopd/downloads/pdf/Approval.8.11.14.pdf>.

¹²⁷ *Id.*

¹²⁸ 35 R.N.Y.C 59A-11

10% of their trips in accessible vehicles beginning in 2018, increasing the requirement by 5% over the course of four years, so that by 2021, 25% of trips dispatched by bases would have to be made in a wheelchair accessible vehicle.¹²⁹ In response, the FHV industry created a counter proposal based on a central dispatch, where bases could refer requests for accessible vehicles to a centralized dispatch that would be responsible for locating wheelchair accessible FHV's.¹³⁰ On December 13, 2017, the TLC adopted the FHV Accessible Rules, which included a Pilot Resolution ("The Pilot") modeled after the industry's proposal. The Pilot is described as an alternative to complying with the FHV Accessible Rules.¹³¹ The Pilot will last for two years beginning in July 2018. TLC is using the Pilot as an opportunity to test the industry's approach. If a participant is terminated from the Pilot they would "transition" into complying with the Rules.

In April 2018, Uber, Lyft, and Via filed a lawsuit against the TLC over the TLC's accessibility rules.¹³² The companies have argued that vehicle manufacturers do not have wheelchair accessible vehicles ("WAV") readily available and that the TLC's Rules are arbitrary because the TLC can terminate the Pilot at any time.¹³³ In June of 2018, TLC and the app-companies reached a settlement that, after new TLC rules are enacted, will allow companies to measure their ability to comply with the rules by the amount of time a passenger waits for a vehicle.¹³⁴

¹²⁹ *Id.*

¹³⁰ N.Y.C T.L.C Pilot Resolution F.H.V Wheelchair Accessible Dispatch, (December 13, 2017), *available at* http://www.nyc.gov/html/tlc/downloads/pdf/proposed_rule_fhv_central_dispatch.pdf.

¹³¹ *Id.*

¹³² Dana Rubinstein, In new suit, Uber, Lyft, and Via target New York's Wheelchair Accessibility requirements, Politico, April 13, 2018, *available at* <https://www.politico.com/states/new-york/city-hall/story/2018/04/13/in-new-suit-uber-lyft-and-via-target-new-yorks-wheelchair-accessibility-requirements-364226>.

¹³³ *Id.*

¹³⁴ Dana Rubinstein, "New York City and Uber reach settlement on wheelchair accessibility," Politico, June 13, 2018, *available at* <https://www.politico.com/states/new-york/city-hall/story/2018/06/13/new-york-city-and-uber-reach-settlement-on-wheelchair-accessibility-466459>

TLC Enforcement

The TLC's Uniform Services Bureau is responsible for enforcing state and local laws and TLC rules related to taxi and for-hire vehicle service. The TLC currently has 197 enforcement inspectors and 60 vacancies.¹³⁵ In 2017, TLC and NYPD conducted 267 joint operations to combat illegal for-hire operators and reckless drivers, while independently conducting 159 illegal commuter van enforcement operations.¹³⁶ The violations that TLC enforces range from compliance with generally-applicable traffic laws such as speeding to more TLC-specific violations. TLC-specific violations range from relatively minor rules such as lack of vehicle cleanliness or proper display of a license, to more consequential violations such as service refusals and, crucially, illegal pick-ups. Illegal pick-ups can include vehicles/drivers not licensed with the TLC performing for-hire service illegally (sometimes known as "straight plates"), licensed FHV's responding illegally to street hails, and the Street Hail Liveries ("SHLs" or "boro taxis") which cannot pick up street hails in the "exclusionary zone" (below East 96th and West 110th Streets in Manhattan as well as JFK and LaGuardia airports).¹³⁷

The penalties associated with TLC violations are outlined in the various provisions of the Administrative Code and TLC Rules. For example, taxi drivers cannot ask a passenger their destination before the passenger is in the vehicle, taxi drivers cannot refuse to take a passenger to any destination within the city, taxis are prohibited from charging an amount to the passenger that goes above the metered amount, and for-hire vehicle drivers are not permitted to accept street hails.¹³⁸ Over time, the Council has increased the penalties for these provisions. Prior to 2011, the

¹³⁵ Communications with N.Y.C Council Finance Division

¹³⁶ N.Y.C TLC 2017 Annual Report, *available at* http://www.nyc.gov/html/tlc/downloads/pdf/annual_report_2017.pdf.

¹³⁷ 35 R.N.Y.C § 80-19(c)(2)

¹³⁸ N.Y.C Ad Code §19-507(a)(1), (a)(2) and (a)(3)

penalties for each of these violations ranged from \$200 and \$350 for the first offense and \$350 and \$500 for a second offense occurring in a 24-month period. Local Law 35 of 2011 raised the penalties specific to taxi drivers. For the first offense, penalties were raised to between \$200 and \$500 and the second offense in a 24-month period to between \$350 and \$1,000 and up to \$1,000 for three or more offenses occurring within a 36-month period.¹³⁹ Local Law 35 of 2011 also raised the penalties for FHV drivers who accept street hails to between \$200 and \$350 for the first offense and between \$350 and \$500 for a second offense within a 24-month period, and could face license revocation upon a third offense within a 36-month period.¹⁴⁰

¹³⁹ Local Law 35 of 2011

¹⁴⁰ 35 R.C.N.Y. § 80-19(c)(1)

ANALYSIS

ANALYSIS OF PROPOSED INT. NO. 144-B

Section one of Proposed Int. No. 144-B would prohibit TLC from issuing new for-hire vehicle licenses for 12 months after the effective date of this proposed legislation, with exceptions including an exception for wheelchair accessible vehicles.

Section two would add a definition of “vehicle utilization standard” to Chapter 5 of Title 19 of the Administrative Code (Code). Section three would add new section 19-550 to the Code to require TLC to study various aspects of the vehicle for hire industry in the City and determine whether to establish vehicle utilization standards or regulate the number of for-hire vehicle licenses. TLC would also be authorized to require that certain data be provided to the TLC by high-volume for-hire services. The definition of “vehicle utilization standard,” in combination with subdivision c of the new section 19-550, gives TLC the flexibility, based on the results of the study required by section three, to take such measures as regulating the percentage of time or miles that vehicles for high-volume for-hire services must spend servicing passengers, regulating the total number of miles that such vehicles may drive in a given period of time in specific geographic areas of the city, or regulating the total number of such vehicles that may operate in specific geographic areas of the city at any given time.

Section four would state that this local law takes effect immediately.

ANALYSIS OF PROPOSED INT. NO. 634-B

Section one of Proposed Int. No. 634-B would amend subdivision b of section 19-504 of the Code by waiving the current \$275 license fee for any wheelchair accessible FHV or any taxi-cab license used with an accessible vehicle.

Section two would state that this local law takes effect immediately.

ANALYSIS OF PROPOSED INT. NO. 838-C

Section one of Int. 838-C would add definitions of base, high-volume for-hire service to section 19-502 of the Code.

Section two would add section 19-548 to the Code to require high-volume for-hire services to be licensed by TLC, and sets the conditions on licensing.

Section three would state that this local law takes effect 120 days after it becomes law, except that section one would take effect immediately and section d of section 19-548 would take effect 180 days after it becomes law.

ANALYSIS OF PROPOSED INT. NO. 890-B

Section one of Int. No. 890-B would add a new section 19-549 to the Code. Subdivision b of section 19-549 would require TLC to establish minimum payment standards for trips dispatched by high-volume for-hire services. Subdivision c of such section would require TLC to study payments to for-hire vehicle drivers for trips not dispatched by high-volume for-hire services and authorizes TLC to establish minimum payments for such trips. Such subdivision d would require TLC to determine whether to establish minimum rates of fare charged by vehicles licensed by TLC.

Section two would state that this local law takes effect immediately.

ANALYSIS OF PROPOSED INT. NO. 958-A

Local Law 52 of 2016 created the fines issued to for-hire vehicle drivers and street hail livery drivers for accepting street hails specifically in the exclusionary zone, at airports, and in other areas as TLC may designate.¹⁴¹ The penalties are \$2,000 for the first offense, \$4,000 for the second offense within a 24-month period, and \$10,000 and license revocation for a third or

¹⁴¹ N.Y.C. Ad Code §19-507(b)(1)(b)(2)

subsequent offense within a 120-month period.¹⁴² In 2017, TLC enforcement officers issued 4,138 summons to drivers accepting illegal-street hails and 100 summons to drivers of streets hail liveries who accepted illegal-street hails.¹⁴³ Proposed Int. No. 958-A would change the fine for illegal street hails to the pre-2016 amount in order to bring the law in line with fines citywide.

Section one of Int. No. 958-A would amend section 19-507 of the Code to remove the elevated penalties for unauthorized street hails in the HAIL exclusionary zone by licensed drivers.

Section two would state that this local law takes effect 90 days after it becomes law.

¹⁴² *Id.*

¹⁴³ Taxi and Limousine Commission 2017 Annual Report, *available at* http://www.nyc.gov/html/tlc/downloads/pdf/annual_report_2017.pdf.

Proposed Int. No. 144-B

By Council Members Levin, Constantinides, Holden, Rivera, Brannan, Chin and Rosenthal

A LOCAL LAW

To amend the administrative code of the city of New York, in relation to conducting a study of the impact vehicles for hire have on the city of New York, and authorizing the commission to establish and revise vehicle utilization standards for high-volume for-hire services and to regulate the issuance of new licenses to for-hire vehicles

Be it enacted by the Council as follows:

Section 1. a. The taxi and limousine commission shall not issue new for-hire vehicle licenses for 12 months after the effective date of this local law, during which period the commission shall submit a report to the council every 3 months on the impact of this section on vehicle ridership throughout the city.

b. Notwithstanding subdivision a of this section, the taxi and limousine commission may issue a new for-hire vehicle license to an applicant who (i) possesses a taxi and limousine commission issued driver's license, (ii) provides written proof that, prior to the effective date of this local law, the applicant entered into a lease for the use of a licensed for-hire vehicle that contains a conditional purchase agreement for the vehicle, and (iii) demonstrates that the term of such lease is no less than 2 years.

c. Notwithstanding subdivision a of this section, the taxi and limousine commission shall continue to issue new for-hire vehicle licenses for wheelchair accessible vehicles.

d. The taxi and limousine commission shall continue to renew for-hire vehicle licenses existing on the effective date of this local law pursuant to the rules of the commission.

e. Notwithstanding subdivision a of this section, the taxi and limousine commission may issue any number of new for-hire vehicle licenses upon a determination by the commission that issuing such number of new for-hire vehicle licenses would increase the availability of for-hire

services in different geographic areas of the city where such services are needed, and where such licenses would not substantially contribute to traffic congestion, and the promulgation of rules pursuant to chapter 45 of the New York city charter shall not be required for any action taken by the commission pursuant to this subdivision.

f. The taxi and limousine commission may promulgate rules to address the need of any person who has been issued a for-hire vehicle license prior to the effective date of this local law to ensure that such license may remain operable during the 12-month period after the effective date of this local law.

§ 2. Section 19-502 of the administrative code of the city of New York is amended by adding a new subdivision hh to read as follows:

hh. The term “vehicle utilization standard” means the standard for the efficient use of for-hire vehicles as determined by the commission based on the time spent, distance traveled or both by drivers of for-hire vehicles transporting passengers on trips dispatched by a base or, as applicable, a high-volume for-hire service; the time spent, distance traveled or both by drivers who have made themselves available to accept dispatches from such base or from such high-volume for-hire service; and the number of passengers transported by such drivers.

§ 3. Chapter 5 of title 19 of the administrative code of the city of New York is amended by adding a new section 19-550 to read as follows:

§ 19-550 Vehicle utilization standards. a. The commission, in conjunction with the department of transportation, shall study (i) income drivers derive from operating vehicles that provide transportation services to passengers, (ii) traffic congestion throughout the city, (iii) the extent to which various categories of vehicles for hire contribute to such congestion, (iv) traffic safety, (v) vehicle utilization rates, (vi) access to services in different geographic areas of the city

for one or more categories of vehicles for hire, (vii) the number of hours that drivers have made themselves available to accept dispatches from a base or from a high-volume for-hire service by day or week, (viii) driver income and well-being, and (ix) such other topics as the commission and the department of transportation deem appropriate. The study shall be conducted during the 12 months following the effective date of the local law that added this section.

b. Based on the results of the study conducted pursuant to subdivision a of this section, the commission:

1. may establish vehicle utilization standards for the operation of vehicles dispatched by high-volume for-hire services in the city and, if such standards are established, shall review such standards on a periodic basis, but not less than once annually, and based on such review may revise such standards for the operation of such vehicles; and

2. shall review the number of for-hire vehicle licenses on a periodic basis, but not less than once annually, and based on such review may regulate the number of for-hire vehicle licenses issued pursuant to section 19-504.

c. The commission may vary the vehicle utilization standards established, and the number of licenses issued, pursuant to subdivision b of this section, by geographic area of the city, time of day, day of the week, whether a vehicle is a wheelchair accessible vehicle or a low- or zero-emission vehicle and by such other factors as the commission deems appropriate to address traffic congestion, shared rides, traffic safety, vehicle emissions, for-hire vehicle ridership, the income drivers derive from providing transportation services to passengers and the availability of for-hire vehicle services in different geographic areas of the city.

d. For each trip a high-volume for-hire service offers or otherwise facilitates through one or more black car base, luxury limousine base or livery base station, the commission may require the following data be provided:

1. For each trip dispatched by such base or base station:

(a) the driver license number issued by the commission;

(b) the license number, issued by the commission, of the vehicle that fulfilled the trip request and the base or base station with which such vehicle is affiliated;

(c) the location from which each passenger is picked up and subsequently dropped off;

(d) the total number of passengers picked up and dropped off from the location referenced in subparagraph (c);

(e) the date and time such passenger is picked up;

(f) the date and time such passenger is dropped off;

(g) the total trip mileage;

(h) the date and time such trip request was made by a passenger;

(i) the itemized fare for each trip including the amount of the fare, any toll, surcharge, commission rate, other deduction and any gratuity and a breakdown of the amount such passenger paid for the trip; and

(j) the payment that each driver received for each trip or the hourly rate paid;

2. The total amount of time a vehicle is connected to the electronic platform of a high-volume for-hire service each day;

3. The amount of time spent each day by each vehicle transporting passengers for hire, as well as the time spent each day by such vehicle on the way to a passenger, and time spent by such vehicle between trips but not on the way to a passenger; and

4. Any additional information required by the commission to conduct the study required by subdivision a or to review:

(a) the vehicle utilization standards authorized to be established by subdivision b of this section; and

(b) the issuance of licenses authorized to be regulated by subdivision b of this section.

e. The commission shall establish penalties to be imposed on a high-volume for-hire service for the failure of such service to meet any vehicle utilization standards established pursuant to this section. Such penalties shall be calculated by multiplying the total number of trips dispatched by such service within a 24-hour period by the following penalty ranges: no less than \$0.01 per trip dispatched and no greater than \$0.10 per trip dispatched for the first violation of any vehicle utilization standard; no less than \$0.50 per trip dispatched and no more than \$0.80 per trip dispatched for a second violation within a 24-month period; and no less than \$1 per trip dispatched and no greater than \$5 per trip dispatched for any subsequent violation within a 24-month period. The establishment of penalties by the commission shall depend on an assessment of factors, which shall include but need not be limited to the extent to which the high-volume for-hire service has failed to meet any vehicle utilization standard established by the commission during the previous 12 months, the scale of the divergence from such standard, and the number of vehicles dispatched by such service in a 24-hour hour period. Such civil penalties shall not affect the authority of the commission to suspend or revoke the license of any high-volume for-hire service or the license of any base or base station.

f. A high-volume for-hire service shall not deduct any payment owed to any driver for a trip dispatched by such service for the payment of any penalties imposed by the commission

pursuant to subdivision e of this section. The commission shall establish penalties no less than \$500 and no greater than \$1,000 for each violation of this subdivision.

g. The commission shall no later than December 31, 2020 and annually thereafter submit to the council and the mayor a report on the effects of vehicle utilization standards and the regulation of the number of licenses issued to for-hire vehicles authorized by subdivision b of this section.

§ 3. This local law takes effect immediately.

JJD
LS 752
7/31/18 10:40pm

Proposed Int. No. 634-B

By Council Members Diaz, Constantinides, Rivera, Yeger, Brannan, Powers and Ampry-Samuel

A Local Law to amend the administrative code of the city of New York, in relation to the waiver of licensing fees for accessible taxi-cabs and for-hire vehicles

Be it enacted by the Council as follows:

Section 1. Subdivision b of section 19-504 of the administrative code of the city of New York, as amended by local law number 57 for the year 1991, is amended to read as follows:

b. The license fee for each taxi-cab and coach shall be five hundred fifty dollars annually. The license fee for each wheelchair accessible van and each for-hire vehicle shall be two hundred seventy-five dollars annually. If a license is granted for a period other than one year, the fee shall be prorated accordingly. There shall be an additional fee of twenty-five dollars for late filing of a wheelchair accessible van or for-hire vehicle license renewal application where such filing is permitted by the commission. Notwithstanding the foregoing, the license fee authorized by this subdivision shall be waived for any for-hire vehicle license that shall be used with a wheelchair accessible vehicle, as defined in subdivision w of section 19-502, or a taxi-cab license used with an accessible vehicle, as defined in section 53-03 of title 35 of the rules of the city of New York, as of the date such license fee is due and payable.

§ 2. This local law takes effect immediately.

MN/JJD
LS 5418
7/30/18 9:30pm

Proposed Int. No. 838-C

By Council Members Diaz, Deutsch, Cabrera, Miller, Constantinides, Torres, Koslowitz, Grodenchik, Lancman, Brannan, Williams, Gjonaj, Dromm, Koo, King, Maisel, Moya, Cohen, Rivera and Powers

A LOCAL LAW

To amend the administrative code of the city of New York, in relation to the licensing and regulation of high-volume for-hire transportation services

Be it enacted by the Council as follows:

Section 1. Section 19-502 of the administrative code of the city of New York is amended by adding new subdivisions ff and gg to read as follows:

ff. Base. The term “base” has the same meaning as “for-hire base (or “base”)” in subdivision (f) of section 59B-03 of title 35 of the rules of the city of New York.

gg. High-volume for-hire service. The term “high-volume for-hire service” means an individual, partnership, limited liability company, business corporation, sole proprietorship or any combination of one or more individuals, partnerships, limited liability companies, business corporations or sole proprietorships operating under, or in affiliation with, one brand or trade name or a common brand, trade, business or operating name, that offers, facilitates or otherwise connects passengers to for-hire vehicles by prearrangement, including through one or more licensed black car bases, luxury limousine bases or livery base stations, as these terms are defined in section 51-03 of title 35 of the rules of the city of New York, utilizing software that allows a passenger or prospective passenger to arrange for transportation using a passenger-facing booking tool, including a smartphone or other electronic device, and that dispatches, or facilitates the dispatching of, 10,000 or more trips in the city in one day. Any and all bases using a common brand, trade, business or operating name will be considered together for purposes of determining whether they satisfy the definition of high-volume for-hire service.

§ 2. Chapter 5 of title 19 of the administrative code of the city of New York is amended by adding a new section 19-548 to read as follows:

§ 19-548 Licensing and operation of high-volume for-hire services. a. It is unlawful for a high-volume for-hire service to operate unless licensed to do so by the commission.

b. A license to operate as a high-volume for-hire service is valid for a period of two years and the biennial fee for such license shall be set by the commission.

c. A license for a high-volume for-hire service may be issued, or renewed, in whole or in part as applicable, by the commission, if the applicant:

1. Submits a business plan that includes:

(a) The number of trips arranged or dispatched through a black car base, a luxury limousine base or a livery base station during the previous calendar year, to the extent trips were arranged or dispatched through such a base or station during the previous calendar year, and an estimate of the number of trips expected to be dispatched through a black car base, a luxury limousine base or a livery base station on a daily basis upon receipt or renewal of the said license and for the two calendar years immediately following the issuance or renewal of the said license;

(b) A projection of the number of for-hire vehicles needed to operate in accordance with the business plan of such high-volume for-hire service, and the average number of trips per vehicle that is anticipated to be provided by such service;

(c) The geographic areas in the city such high-volume for-hire service intends to serve; and

(d) Any other information the commission deems important to consider relating to the issuance or renewal of a license to operate as a high-volume for-hire service;

2. Complies with any requirement established by the commission to assess the impact of the operation of a high-volume for-hire service on the environment, including, but not limited to, providing an analysis of the impact such service has on the following:

(a) traffic congestion;

(b) local transportation, including public transit, private motor vehicles, and other modes of transit; and

(c) noise;

3. (a) Provides a description of all deductions, including any commissions, lease fees and other charges such high-volume for-hire service proposes to charge either the for-hire vehicle owner or the driver, or both, as applicable, including an estimate of the average gross hourly earnings of a driver, based upon actual or anticipated trips and fares, and affirms that it will not charge or deduct from any for-hire vehicle owner or driver any charge that has not been filed with the commission; and

(b) Files its rates of fare with the commission; and

4. Provides trip and revenue data that includes:

(a) For each trip dispatched by a black car base, luxury limousine base or livery base station:

(1) the driver license number issued by the commission;

(2) the license number, issued by the commission, of the vehicle that fulfilled the trip request and the base or base station with which such vehicle is affiliated;

(3) the location from which each passenger is picked up and subsequently dropped off;

(4) the total number of passengers picked up and dropped off from the location referenced in subparagraph (3);

(5) the date and time such passenger is picked up;

(6) the date and time such passenger is dropped off;

(7) the total trip mileage;

(8) the date and time such trip request was made by a passenger;

(9) the itemized fare for each trip including the amount of the fare, any toll, surcharge, commission rate, other deduction and any gratuity and a breakdown of the amount such passenger paid for the trip; and

(10) the payment that each driver received for each trip or the hourly rate paid;

(b) The total amount of time a vehicle is connected to the electronic platform of a high-volume for-hire service each day;

(c) The amount of time spent each day by each vehicle transporting passengers for hire, as well as the time spent each day by such vehicle on the way to a passenger, and time spent by such vehicle between trips but not on the way to a passenger; and

(d) Other information as required by the commission.

d. The penalty for operating a high-volume for-hire service without a valid license issued by the commission is \$10,000 for each day such operation takes place, except that no such penalty shall be imposed upon a high-volume for-hire service while the initial licensing application of such service is pending and until the commission has made a determination pursuant to subdivision c of this section regarding the initial licensing of such service and communicated such determination in writing to the applicant.

§ 3. This local law takes effect 120 days after it becomes law, except that section one of this local law takes effect immediately, and provided that the taxi and limousine commission shall take such measures as are necessary for the implementation of this local law, including the

promulgation of rules and the processing of applications for licenses, prior to such date and provided further that subdivision d of section 19-548 of the administrative code of the city of New York, as added by section two of this local law takes effect 180 days after this local law becomes law.

LS #5779
07/31/2018 9:14 PM

Proposed Int. No. 890-B

By Council Members Lander, Constantinides, Rivera, Powers and Chin

A LOCAL LAW

To amend the administrative code of the city of New York, in relation to establishing minimum payments to for-hire vehicle drivers and authorizing the establishment of minimum rates of fare

Be it enacted by the Council as follows:

Section 1. Chapter 5 of title 19 of the administrative code of the city of New York is amended by adding a new section 19-549 to read as follows:

§ 19-549 Minimum payments to for-hire vehicle drivers and minimum fares. a. Definitions.

For purposes of this section, the term “trip” means a transportation service that involves picking up a passenger at a location, and taking and depositing such passenger at a different location requested by such passenger.

b. The commission shall by rule establish a method for determining the minimum payment that must be made to a for-hire vehicle driver for a trip dispatched by a high-volume for-hire service to such driver. In establishing such method, the commission shall, at a minimum, consider the duration and distance of the trip, the expenses of operation to the driver, any applicable vehicle utilization standard, rates of fare and the adequacy of for-hire vehicle driver income considered in relation to for-hire vehicle driver expenses. Such rule promulgated by the commission shall not prevent payments to for-hire vehicle drivers from being calculated on an hourly or weekly basis, or by any other method, provided that the actual payments made to such drivers are no less than the minimum payments determined in accordance with the method established by the commission.

c. The commission shall study payments to for-hire vehicle drivers dispatched by bases other than through high-volume for-hire services for trips dispatched by such bases and may by

rule establish a method for determining the minimum payment that must be made to a for-hire vehicle driver for a trip dispatched by any such base.

d. Following completion of the study required by section 19-550, the commission shall determine whether the establishment of minimum rates of fare to be charged by vehicles licensed by the commission would substantially alleviate any of the problems identified in such study. If the commission determines that such minimum rates of fare would have such an effect, the commission is authorized to establish by rule such minimum rates of fare. In setting such minimum rates of fare, the commission may consider the category of vehicle, the type of trip, including trips in which the vehicle is available for the transportation of two or more passengers, the rates of fare for other categories of vehicles carrying passengers for hire, including but not limited to taxicabs, the location of the trip, including trips originating, terminating or passing through the hail exclusionary zone, as defined in section 51-03 of title 35 of the rules of the city of New York, and any other factors the commission determines to be appropriate to achieve their intended result. Such minimum rates of fare shall not include any taxes, fees or surcharges imposed on trips made by vehicles licensed by the commission. The commission shall, on a periodic basis, but not less than once annually, review such minimum rates of fare in order to determine whether any amendment of such minimum rates of fare is warranted or necessary in order for such minimum rates of fare to continue to achieve their intended result. If the commission determines that such an amendment is warranted or necessary, it is hereby authorized, by rule, to promulgate such amendment.

§ 2. This local law takes effect immediately.

JJD/NB
LS 4898
7/31/18 7:40 PM

Proposed Int. No. 958-A

By Council Member Diaz

A LOCAL LAW

To amend the administrative code of the city of New York, in relation to reducing penalties for unauthorized street hails by licensed for-hire vehicle drivers

Be it enacted by the Council as follows:

Section 1. Paragraph 1 of subdivision b of section 19-507 of the administrative code of the city of New York, as amended by local law number 52 for the year 2016, is amended to read as follows:

b. 1. (a) Any driver who has been found to have violated a provision of paragraph 1, 2, or 3 of subdivision a of this section, or any combination thereof, shall be fined not less than \$200 nor more than \$500 for the first offense. Any driver who has been found in violation of any of the provisions of such paragraphs, or any combination thereof, for a second time within a 24 month period shall be fined not less than \$350 nor more than \$1,000, and the commission may suspend the driver's license of such driver for a period not to exceed 30 days. Any driver who has been found to have violated any of the provisions of such paragraphs, or any combination thereof, three or more times within a 36 month period shall be fined not more than \$1,000 for each such third or subsequent offense, and the commission shall revoke the driver's license of such driver.

(b)[(1)] Any driver who has been found to have violated any of the provisions of paragraph 4 of subdivision a of this section shall be fined not less than \$200 nor more than \$350 for the first offense. Any driver who has been found in violation of any of the provisions of such paragraph for a second time within a 24 month period shall be fined not less than \$350 nor more than \$500, and the commission may suspend the driver's license of such driver for a period not to exceed 30 days. The commission shall revoke the driver's license of any driver who has been found to have violated

any of the provisions of paragraph 4 of such subdivision three or more times within a 36 month period.

[(2) Notwithstanding clause 1 of this subparagraph, any driver who has been found to have violated any of the provisions of paragraph 4 of subdivision a of this section shall be fined \$2,000 for the first offense, \$4,000 for a second offense within a 24 month period, and \$10,000 for a third or subsequent offense within a 120 month period, with these enhanced fines not affecting any otherwise applicable license revocation or penalty, if the violation occurred in any of the following areas: (i) airports in the city of New York; (ii) that area of Manhattan that is south of east 96th street and south of west 110th street in which a HAIL vehicle is prohibited from picking up passengers by street hail; and (iii) in such other areas as the commission shall identify by rule.]

§ 2. This local law takes effect 90 days after it becomes law.

JJD
LS 6609, 6721, 6772
7/12/18