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COMMITTEE ON TRANSPORTATION
Hon. Ydanis Rodriguez, Chair

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Oversight: The Current Situation for Liveries and Corporate Black Cars

INTRODUCTION

On November 18, 2019, the Committee on Transportation, chaired by Council Member Ydanis Rodriguez, will hold a hearing titled, “The Current Situation for Liveries and Corporate Black Cars.” The Committee expects to hear testimony from the New York City Taxi and Limousine Commission (TLC), operators of liveries and corporate black cars, advocates and other interested stakeholders.

BACKGROUND

The TLC is charged with the regulation and oversight of taxicabs, including yellow

taxicabs and street hail liveries (also known as green or boro taxis), for-hire vehicles (FHVs), commuter vans and paratransit vehicles.¹ The category of FHVs includes black cars, liveries, and luxury limousines.² Liveries, also known as community cars, accept passengers by prearrangement.³ Similarly, black cars and luxury limousines are also limited to accepting rides through prearrangement, but must also receive more than 90% of payments in a non-cash method.⁴ Luxury limousines differ from black cars in that they may carry up to 20 passengers and have additional insurance requirements.⁵

Each for-hire vehicle⁶ must be affiliated with a base that is authorized to dispatch vehicles.⁷ As such, when a vehicle owner applies for an FHV license, they must list the name of the base that the vehicle will affiliate with. A driver may accept dispatches from other bases, and may also change their base affiliation.⁸ 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.⁹

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,¹⁰ which must include surge or variable pricing policies, and any and all additional fees charged to the customer.¹¹ 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.¹² In 2016, the City Council passed legislation that

¹ See N.Y.C. Taxi and Limousine Commission website at <https://www1.nyc.gov/site/tlc/about/about-tlc.page>

² N.Y.C. Taxi and Limousine Commission 2018 Fact Book, available at https://www1.nyc.gov/assets/tlc/downloads/pdf/2018_tlc_factbook.pdf

³ N.Y.C. Admin. Code § 19-516(a).

⁴ *Id.* at §§ 19-502(u) and (v).

⁵ *Id.*

⁶ 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.

⁷ 35 R.C.N.Y. § 59A-11(e).

⁸ *Id.* at § 59A-11(e).

⁹ *Id.*

¹⁰ 35 R.N.Y.C Rules 58B-26.

¹¹ 35 R. N.Y.C. 59B-21.

¹² *Id.*

required black car bases to provide the passenger with an upfront binding fare quote.¹³ 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.¹⁴

Livery bases are also required to have off-street parking and submit an application for service to the community board and Council Member in the impacted area.¹⁵ The application requires livery 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.¹⁶ Black car bases are exempt from these requirements.¹⁷

GROWTH IN THE FOR-HIRE VEHICLE INDUSTRY

Smartphone technology has 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. It was in this context that Uber, Lyft and other app-based companies first entered the New York City market between 2011 and 2014. These companies operate as FHV’s and must follow the same requirements.

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.¹⁸ Traditionally, black car companies served business clients; however, as many new providers elected to operate as black car services,

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

¹⁴ 35 R.N.Y.C 59B-25(i).

¹⁵ 35 R.N.Y.C § 59B-05.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ N.Y.C T.L.C Fact Book 2016, available at http://www.nyc.gov/html/tlc/downloads/pdf/2016_tlc_factbook.pdf.

this sector has exploded in growth and now caters to a much larger number and variety of customers.¹⁹

In February 2017, transportation consultant and former DOT Deputy Commissioner for Traffic and Planning Bruce Schaller, who had helped to produce the City's earlier FHV Study, released a new 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 the drop in yellow taxi trips, leading to large additions in overall taxi/FHV trip volumes.²⁰

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.²¹ 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.²²

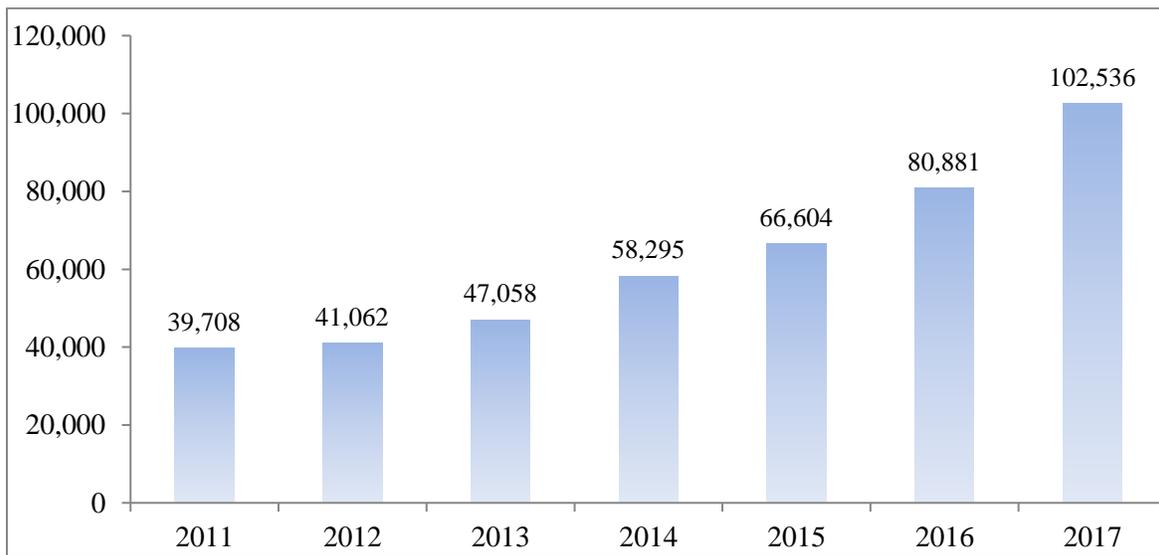
¹⁹ Schaller Consulting, *The New York City Taxicab Fact Book 26* (Mar. 2006), available at <http://www.schallerconsult.com/taxi/taxifb.pdf>.

²⁰ Schaller Consulting, *UNSUSTAINABLE? The Growth of App-Based Ride Services and Traffic, Travel and the Future of New York City*, February 27, 2017, available at <http://schallerconsult.com/rideservices/unsustainable.htm>

²¹ *Id.*

²² *Id.*

Number of Licensed For-Hire Vehicles²³



IMPACT OF VEHICLE LEASE ARRANGEMENTS

The chart above illustrates the historic changes in the number of licensed for-hire vehicles. Then-TLC Commissioner Meera Joshi testified at a City Council in March of 2018 that TLC had issued licenses for about 130,000 active vehicles and was issuing licenses for approximately 2,000 new vehicles per month.²⁴ The upward trend in registered vehicles may, in part, be related to app-based companies' vehicle lease programs. For example, in New York City Uber has partnerships with dealerships that offer vehicle financing options to drivers with low credit scores.²⁵ The

²³T.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.

²⁴ 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=>.

²⁵ Uber NYC, "Rent a TLC Car, available at <https://www.uber.com/drive/new-york/get-started/tlc-car-rentals/> (last accessed September 4, 2019).

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.²⁶ 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.²⁷ 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 \$30,000.²⁸

FHV trips dispatched by high-volume for-hire services—companies that dispatch more than 10,000 trips per day, which are currently Uber, Lyft, Via, and Juno—grew 800% between 2014 and 2017, and the growth in FHV and taxis was greater from 2016 to 2017 than the previous four years combined. From May 2016 to August 2018, an average of 1,700 net additional app-based FHVs became active every month. High-volume FHV trip volumes were 1.5 times higher in May 2018 compared to May 2017.²⁹ 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 2015.³⁰ FHV/taxi growth was greater between 2016 and 2017 than the prior four years combined.³¹

²⁶Griswold, 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/>.

²⁷ *Id.*

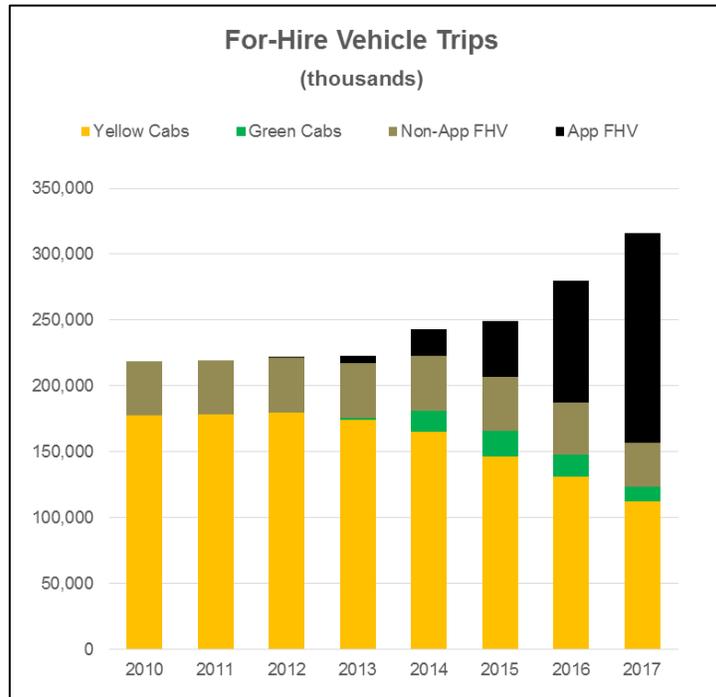
²⁸Independent Drivers Guild, "Progress Toward A Fair For-Hire Vehicle Industry," (2017) available at <https://drivingguild.org/wp-content/uploads/2017/11/Progress.pdf> .

²⁹ TLC Ride Data (July 2018).

³⁰ TLC Ride Data (July 2018).

³¹ MTA, 'Ridership Trends: New York City Transit' (July 2018), http://web.mta.info/mta/news/books/docs/Ridership_Trends_FINAL_Jul2018.pdf, p. 6.

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

Recent data has shown that there are currently 60,000 active app-based FHV's providing over 700,000 daily trips in the city.³²

COUNCIL LEGISLATION AND TLC RULES, 2018-19

In response to many of the concerns discussed above, the City Council and TLC have made several regulatory changes in recent years. On August 8, 2018, the Council passed local law 149 of 2018, which created a new licensing category of High-Volume FHV's³³ that dispatch 10,000 or more trips per day. The Council also passed local law 147 of 2018, in relation to conducting a

³² Meera Joshi, Nicholas Cowan, Olivia Limone, Kelsey McGuinness and Rohan Rao, *E-Hail Regulation in Global Cities*, NYU Wagner Rudin Center for Transportation, November, 2019 available for download at https://wagner.nyu.edu/files/faculty/publications/RUDIN_EHAIL_REPORT.pdf

³³ Local law 149 of 2018 available for download at <https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=3479666&GUID=01C67FF7-C56D-474A-BA53-E83A23173FA7&Options=ID|Text|&Search=>.

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. The law also implemented a moratorium on the issuance of all new for-hire vehicle licenses (including those of traditional black car and livery services) while TLC studied and decided whether to adopt vehicle utilization standards and decided whether new for-hire vehicle licenses should be issued.³⁴

Pursuant to local law 147, TLC—in coordination with DOT—issued a report, in June 2019, recommending an extension of the vehicle license pause and the adoption of vehicle utilization or “cruising” standards in Manhattan below 96th Street (the Congestion Zone).³⁵ In August of 2019, TLC adopted rules extending the vehicle license moratorium and instituting, beginning in February of 2020, a 36% cap on high-volume for-hire services (HVs) cruising, which will be lowered to 31% beginning in August of 2020.³⁶ The current cruising rates across all HVs is 41%.³⁷ In this rule package, TLC also permitted cross-class dispatching meaning that a vehicle affiliated with a black car base can now be dispatched by a livery base and vice versa.³⁸

IMPACTS ON LIVERIES AND CORPORATE BLACK CARS

Due to the different TLC licensing requirements, some have argued that the less stringent rules and operating requirements given to app-based FHVs before the moratorium was in place, gave the high-volume FHVs an unfair advantage and led to their tremendous growth. As a result, liveries and traditional black car operators and drivers have been negatively impacted. While the

³⁴ Local law 147 of 2018 available at <https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=3331789&GUID=6647E630-2992-461F-B3E3-F5103DED0653&Options=ID|Text|&Search=>.

³⁵ Taxi and Limousine Commission and Department of Transportation, “Improving Efficiency and Managing Growth in New York’s For-Hire Vehicle Sector,” June 2019, available at https://www1.nyc.gov/assets/tlc/downloads/pdf/fhv_congestion_study_report.pdf.

³⁶ TLC rules, https://www1.nyc.gov/assets/tlc/downloads/pdf/proposed_rules_hvfhs_cruising_08_07.pdf

³⁷ *Id.*

³⁸ *Id.*

city has seen an increase in the number of vehicles in the app-based black car sector due to the proliferation of app-based dispatches such as Uber and Lyft, it has also seen a decline in the number of cars affiliated with community car services (liveries), corporate black cars and luxury limousines. As of December 31, 2018, there were approximately 10,500 liveries, 103,000 black cars, and 4,100 luxury limousines operating in the City.³⁹ This is in contrast to the number of vehicles that were operating in each sector in beginning of 2014, when there were approximately 50,000 liveries, 10,000 black cars, and 7,000 luxury limousines operating in the City.⁴⁰ One particular community car service in East Harlem went from dispatching 325 vehicles before Uber was operating in the city to about 106 in September 2019.⁴¹

By The Numbers Calendar Year 2018

Vehicles	
Street Hail Service	
Medallion Taxis	13,587
Standby Vehicles	103
Street Hail Liveries (SHLs)	3,566
Prearranged Service	
For-Hire Vehicles (non-SHL)	118,737
Black Car	103,486
Livery	10,515
Luxury Limousine	4,143
Paratransit Vehicles (non-SHL)	333
Commuter Vans	260
Total Vehicle Licenses	135,993
Bases	
Black Car Bases	399
Community Car Services	437
Luxury Limousine Bases	149
Commuter Van Authorizations	87
Paratransit Bases	49
Total Base Licenses	1,121

Source: N.Y.C. TLC 2018 Annual Report

³⁹ N.Y.C. Taxi and Limousine Commission 2018 Annual Report, available for download at https://www1.nyc.gov/assets/tlc/downloads/pdf/annual_report_2018.pdf

⁴⁰ N.Y.C. Taxi and Limousine Commission, 2014 Taxicab Fact Book, available at http://www.nyc.gov/html/tlc/downloads/pdf/2014_taxicab_fact_book.pdf.

⁴¹ Matthew Flamm, *Long-struggling livery cabs still losing ground*, Sept. 5, 2019, Crain's New York Business, available at <https://www.crainsnewyork.com/features/long-struggling-livery-cabs-still-losing-ground>

Additionally, liveries and traditional black car operators contend that the moratorium recently imposed by local law 147 to ease congestion and stem the proliferation of High Volume FHV's on our city's streets has hurt them as well since they cannot replace the drivers they lose to the app-based companies or those who fail to renew their licenses.⁴² TLC, however, indicates that liveries have been losing drivers to Uber and Lyft for years and that the cap has not made things significantly worse for them.⁴³

Others have also called for the TLC to restructure their licensing requirements and create four different categories for the sectors in order to help liveries and corporate black bases survive. Currently, the TLC has three classes of FHV service which includes under that umbrella liveries, black cars, and luxury limousines.⁴⁴ Under one of the proposed restructurings TLC would create a separate licensing scheme for yellow taxi medallion drivers, livery taxi drivers, corporate account black cars and app-based black cars.⁴⁵ Some have called for the new licenses to be restricted. For example, the drivers licensed and affiliated with a livery or traditional black car base could not transfer their vehicles to high volume FHV's like Uber and Lyft.⁴⁶

CONCLUSION

During today's hearing the Committee expects to hear testimony from various stakeholders about the causes and impacts of the changes in the taxi and FHV industry. The Committee further

⁴² See testimony of Cira Angeles of the Livery Base Owners Association in the hearing transcript of the September 10, 2019 Transportation Committee oversight hearing available at <https://legistar.council.nyc.gov>

⁴³ Matthew Flamm, *Long-struggling livery cabs still losing ground*, Sept. 5, 2019, Crain's New York Business, available at <https://www.crainsnewyork.com/features/long-struggling-livery-cabs-still-losing-ground>

⁴⁴ See N.Y.C. Taxi and Limousine Commission website at <https://www1.nyc.gov/site/tlc/businesses/for-hire-vehicle-bases.page>

⁴⁵ *Uptown Council Member Rodriguez's Reaction To Mayor's Proposal To Cap For-Hire Vehicles*, Harlem World Magazine, June 13, 2019, available at <https://www.harlemworldmagazine.com/uptown-council-member-rodriguezs-reaction-to-mayors-proposal-to-cap-for-hire-vehicles/>

⁴⁶ Matthew Flamm, *Long-struggling livery cabs still losing ground*, Sept. 5, 2019, Crain's New York Business, available at <https://www.crainsnewyork.com/features/long-struggling-livery-cabs-still-losing-ground>

hopes to hear testimony on suggestions to ensure the continued viability of liveries and corporate black cars and the services they provide in New York.