



Eric Spiegelman, President
Los Angeles Taxicab Commission
100 South Main Street, 10th Floor
Los Angeles, California 90012

August 23, 2016

The Honorable Assemblymember Evan Low
California State Assembly
P.O. Box 942849
Room 2175
Sacramento, CA 94249-0028

Re: Opposition to AB 650, the Taxicab Transportation Services Act

Dear Assemblymember Low,

As the President of the Los Angeles Taxicab Commission, I appreciate your efforts to improve the quality and sustainability of California's taxi industry. However, I believe that in its current form, AB 650 causes more harm than it alleviates.

As such, **I oppose AB 650.**

AB 650 does one very important thing: it eliminates "deadheading." Deadheading, as I'm sure you know, is what we call the empty trip back to Los Angeles after a taxi driver drops a passenger off outside city boundaries. Most of our cabs are not permitted to accept a hail in the other 87 cities that make up Los Angeles County. Our cabbies have to waste time, gas, and money getting back home before they can pick up a new fare. Deadheading is a problem that AB 650 solves.

At the same time, however, AB 650 creates several new problems, many of which the City of Los Angeles previously solved. AB 650 undoes a lot of our progress in civil rights, equal access, consumer protection, and ensuring the safety of drivers, passengers and the community at large. Here is a list of 6 specific concerns I have with the bill:

1) AB 650 removes all of our regulations that mandate equal service to the black and latino communities of South Los Angeles.

South Los Angeles is a heavily populated, low income and predominantly black and latino neighborhood. Older residents of this area often rely on taxicabs to get to a doctor appointment and go to the grocery store. A resident of South Los Angeles now spends a third less time waiting for a cab than she did ten years ago. That is entirely due to our regulatory oversight of the taxi industry. AB 650 wipes away all of this progress.

2) AB 650 makes it more difficult for someone in a wheelchair to hail a cab.

Taxi companies are not predisposed to offer taxicabs that can handle a wheelchair. Those vehicles are more expensive to buy and maintain, and their drivers require special training. Over a decade ago, Los Angeles adopted regulations that require 10% of our taxi fleet to be wheelchair-accessible. We are considered a national leader in this area. While AB 650 requires taxi companies to educate their drivers on the requirements of the Americans with Disabilities Act, the bill does not require taxi companies to provide wheelchair-accessible vehicles.

It is important to note that New York City was recently sued under the ADA for not making enough wheelchair-accessible cabs available. In settlement of a lawsuit they realized they would lose, New York agreed to make six thousand of its cabs wheelchair-accessible. AB 650 exposes the State of California to similar liability.

3) AB 650 exposes passengers to the risk of unfair pricing.

While AB 650 requires taxi carriers to disclose their rates to passengers before commencing a ride, it does not require these fares to be consistent across the entire fleet. There are more than twenty taxi companies in the Greater Los Angeles Area. If each of these companies were free to set their own fares, a passenger hailing a taxi on the street would have no idea if she were getting a fair deal. Street hail passengers don't have the luxury of shopping around for the best price. They need to get somewhere.

Price uniformity protects taxi operators as well as passengers. Taxi companies in the Greater Los Angeles Area vary dramatically in size. A "set your own fare" policy will allow wealthier companies to artificially lower rates to drive competitors out of business. This sort of competition is contrary to the franchise system adopted by Los Angeles, Beverly Hills, Santa Monica, and elsewhere.

Some may argue that neither Uber nor Lyft are subject to fare regulation. This is true, but the nature of the Uber and Lyft apps is such that each service's entire fleet adheres to a uniform rate schedule. In this regard, AB 650 fails to create parity between taxis and TNCs.

4) AB 650 will strip Los Angeles of essential enforcement funding.

Los Angeles collects \$2 million a year in taxicab franchise fees. We use much of this revenue to protect the safety of passengers, drivers and the community. LADOT maintains a staff of administrators and investigators who prosecute violations of our taxi code. We keep the vehicles safe and the operators honest. Los Angeles also collects more than \$800,000 a year to fund our Bandit Taxi Enforcement Program. BTEP works with the Los Angeles Police Department to prosecute illegal taxicab operators (so-called "bandit cabs") and get them off the street. AB 650 cuts off the revenue that funds these activities, yet expects the City of Los Angeles to continue enforcing basic safety rules.

5) AB 650 threatens the safety of passengers and the overall community.

A recent amendment to AB 650 eliminates the requirement that taxi drivers be subject to fingerprint-based background checks. This would make California the only state in the nation that allows a convicted felon to drive a cab. Policymakers often point to the Department of

Justice Live Scan system as the gold standard of background checks. Recently, many of these policymakers argued that TNC drivers should be subject to these Live Scan background checks, just like taxi drivers. Suddenly, in an ironic twist, AB 650 advocates the opposite point of view. If passed, AB 650 will ensure that Uber and Lyft drivers are subject to more rigorous background screening than taxi drivers.

By allowing a convicted felon to drive a taxicab, AB 650 doesn't just endanger the community, it also hurts the taxicab industry. Taxi companies can't conduct fingerprint background checks on their own because only government bodies have access to Live Scan. Without the ability to screen drivers at this level, taxi company insurance premiums will skyrocket. The possibility of a felon behind the wheel presents an existential risk for a taxi company. If a passenger is harmed by someone a taxi company should have known was a criminal, that taxi company will be sued into oblivion.

Truly, however, the City of Los Angeles cares more about the safety of our citizens than we do about the potential for a lawsuit. It is simply untenable that the State of California would prevent us from knowing whether a taxi driver has a criminal record.

6) AB 650 will make it more difficult for taxi policy to reflect the needs of a local community.

Most of the roughly 300 rules and regulations enacted by the Los Angeles Taxicab Commission stem from issues specific to the City of Los Angeles. (One example, which came up recently: we prohibit taxicabs from spending more than three hours idling in a residential area, because otherwise they tend to congregate in neighborhoods near the airport and other popular venues, taking up a disproportionate amount of street parking). Our rules read like a history of solutions we've found to local problems that pop up from time to time.

The Commission adopted many of its regulations at the behest of small taxi companies who don't have the resources to lobby at the state level. Our monthly meetings offer them an easily-accessible forum to speak their needs to policymakers. The Commission can also be swift in its response. Several times during my tenure we've adopted a reform within 3 months of its necessity being brought to our attention. I am concerned that the smaller taxi companies of Southern California will not get the same level of access or responsiveness if jurisdiction moves to Sacramento.

PROPOSAL: AB 650 should be amended to create a regional taxi and TNC authority covering Los Angeles and Orange counties.

AB 650 was clearly drafted with the best of intentions and the noblest of goals. Deadheading is a serious problem that is not only wasteful, it inhibits the ability of taxi companies to compete with Uber and Lyft. However, the solution posed by this bill exacerbates a number of other problems that Los Angeles has either solved or made significant progress in alleviating. AB 650 throws the baby out with the bathwater.

A better solution might be one touched on in an earlier version of AB 650: a regional, multicounty authority for the entire Greater Los Angeles Area that regulates both taxicabs and transportation network companies. This authority can create the parity desired by stakeholders while allocating enforcement resources on a proportional basis. Such an authority can solve deadheading and, at the same time, maintain all the protections Los Angeles developed over

the past several decades. Its policy decisions can be subject to a board of local municipal interests to ensure fairness and access. With respect to issues that have clear statewide interest, such as background checks and emissions standards, the authority can defer to the California Legislature.

Please let me know if I can be of any assistance in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read 'ES', is written over the typed name and title.

Eric Spiegelman
President
Los Angeles Taxi Commission