

February 2023 For-Hire Vehicle License Review

Report and Determination

Introduction

This review by the New York City Taxi and Limousine Commission (TLC) of for-hire vehicle (FHV) licenses is conducted pursuant to TLC Rule § 59A-06(a)(1) for the period of August 2022 through January 2023. TLC has conducted reviews pursuant to this rule every August and February since August 2020.¹

Local Law 147 of 2018 paused the issuance of new FHV licenses for one year with an exception for wheelchair accessible vehicles (WAVs).² During that initial one-year pause, Local Law 147 directed TLC, in conjunction with the City Department of Transportation (DOT), to study driver income, the extent to which FHVs contributed to traffic congestion, traffic safety, vehicle utilization rates, access to for-hire service in different areas of the city, driver availability, and any other topics deemed appropriate. The law also gave TLC the authority to regulate the number of FHV licenses.

In August 2019, following a report by TLC and DOT,³ TLC adopted rules⁴ to implement the report's recommendations, including by continuing the pause on new vehicle licenses, maintaining the WAV exception, and adding an exception for electric vehicles (EVs) to meet "ambitious carbon-reduction targets" and "spur the creation of high-capacity, private-sector provided charging infrastructure."⁵ These rules also require TLC to review whether additional FHV licenses should be issued—at the time every six months, now every year—based on congestion, driver pay, license attrition, outer-borough service, and any other information it deems relevant in making its determination. In June 2021, TLC amended its rules to remove the EV exception and add the availability and demand for EVs and the availability of EV charging infrastructure to the list of factors that TLC must consider in its review.⁶ In January 2023, TLC amended its rules pursuant to the decision made in the August 2022 License Pause Review to issue 1,000 new licenses for EVs, which were made available in March 2023.⁷

This review analyzes data relating to all segments of the FHV industry: high-volume for-hire services (HVs)⁸ as well as livery, black car, and luxury limousine bases. Because bases that are not HVs submit their data with a longer time lag than HVs, data in this report relating to the entirety of the FHV industry is through January 2023.

After conducting the data analysis, TLC concluded that it would wait until formulating and adopting the Green Rides Initiative rules—requiring high-volume for-hire services to dispatch exclusively

¹ All previous License Review Reports are available on the TLC website at <https://www.nyc.gov/site/tlc/about/industry-reports.page>.

² Codified as New York City Administrative Code § 19-550.

³ New York City 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.

⁴ The rules adopted in August 2019 are available at

https://www1.nyc.gov/assets/tlc/downloads/pdf/proposed_rules_hvfhs_cruising_08_07.pdf.

⁵ *Supra* note 3, p. 4.

⁶ <https://www.nyc.gov/assets/tlc/downloads/pdf/notice-of-promulgation-of-vote-06-22-2021.pdf>

⁷ https://www.nyc.gov/assets/tlc/downloads/pdf/FHV_EV_Restricted_License_Adopted_Rule_01_25_23.pdf

⁸ Two companies are currently licensed by TLC as HVs: Lyft and Uber.

to EVs and wheelchair accessible vehicles (WAVs) by 2030—to make a determination about the issuance of any new FHV licenses, as the public process for the Green Rides Initiative would help the agency determine whether new licenses were needed to meet the goals of that Initiative and address other industry issues.

Analysis

Trip Volume, Vehicle Supply, and Vehicle Attrition

As TLC has detailed in previous reports, including several previous FHV License Reviews, FHV trips have steadily increased since the pandemic’s nadir in April 2020 and, as shown in the table below, are now nearing pre-pandemic levels, making evident that the demand for for-hire transportation has largely returned as the city has recovered. This three-year trend is also evident in the past six months: between July 2022 and January 2023, FHV trips increased by 5%, from 18.6 million to 19.5 million trips per month. However, HV trips are significantly closer to full recovery than non-HV FHV trips, indicating that the recovery from COVID-19 has not been spread equally across the FHV sector.

	<u>January 2020</u>	<u>January 2023</u>	<u>Percent recovery</u>
<u>High-volume FHV trips</u>	20,569,325	18,479,031	89.8%
<u>Non-high-volume FHV trips</u>	1,947,380	1,015,650	52.2%
<u>All FHV trips</u>	22,814,490	19,494,681	86.6%

The increased number of trips over the past six months has occurred while there has been a modest decrease in the number of licensed FHVs not in storage, from 95,693 in August 2022 to 95,396 in February 2023. Including the 3,932 FHV licenses in storage, the total number of FHV licenses in February 2023 was 99,328. This is 17% lower than the 120,126 FHVs that were licensed when TLC decided to extend the moratorium in August 2019 and the first time that the number of FHV licenses has been under 100,000 since 2016. Of this total set of licensed FHVs, however, a large percentage are not performing FHV trips. While the number of vehicles performing trips has grown significantly since pandemic-era lows, 20,843 FHVs did not complete a trip in January 2023, and 10,275 FHVs did not complete a trip from May 2022 through December 2022, indicating that a substantial amount of vehicle inactivity was not short term.

From August 2022 through January 2023—the six-month period covered in this report—1,192 new FHV licenses (i.e., not renewal licenses) were issued by TLC, while 2,525 licenses expired. Of the 1,192 new FHV licenses, 79% were wheelchair accessible vehicles, 13% were lease-to-own vehicles, and 8% were Street Hail Livery (SHL) vehicles (FHVs attached to an SHL permit).⁹

Driver Earnings

As noted in previous License Reviews, drivers for HV bases—the only FHV class for which the submission of driver pay data is required—experienced a severe initial drop in earnings at the beginning of the pandemic due to the significant reduction in passenger demand. Driver gross earnings have substantially recovered since then as passenger demand returned, and have been consistently above

⁹ Expired license numbers can change over time because licensees are still eligible to renew their license 60 days after the license expires and once renewed have an additional 120 days to pass a vehicle inspection.



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\$1,100 per week since early 2021. The same trends are seen in aggregate driver pay numbers, with drivers being paid over \$334 million in January 2023, higher than any pre-pandemic month.

While high-volume FHV driver pay is regulated through TLC’s minimum driver pay rules, and those rules include a component for driver expenses, one driver expense particularly relevant to the analysis in this report is vehicle and rental expenses, as drivers who are unable to obtain their own licenses can rent a vehicle from another party. These rental expenses, while typically including the vehicle, insurance, maintenance, TLC licensure, and so on, can be higher than the costs of owning one’s own TLC-licensed vehicle. Rental costs, as reported by drivers and rental companies, are typically over \$400 per week, and can be much higher based on factors including the vehicle class (luxury, SUV, etc.), make, and model.

Outer-Borough Service

Since the previous review conducted in August 2022, HV trips—the FHV trips for which location-based data is most robust and reliable—have steadily increased in each borough. While the strongest growth was in Staten Island and the Bronx, all boroughs saw growth between July 2022 and January 2023.

<u>Borough</u>	<u>July 2022</u>	<u>January 2023</u>	<u>Percent change</u>
The Bronx	2,053,315	2,214,288	+7.8%
Brooklyn	4,618,121	4,823,385	+4.4%
Manhattan	7,225,081	7,612,743	+5.4%
Queens	3,605,909	3,719,651	+3.2%
Staten Island	256,614	286,914	+11.8%

Despite the strong trip growth in all boroughs, passenger wait times for high-volume trips have remained stable, with a citywide average of 4.7 minutes in January 2023, remaining within the 4.5–6.6-minute range seen since 2018. Average wait times by borough in January 2023 were all between 4.3 and 5.6 minutes, suggesting that outer-borough service levels have not been an issue.

Electric Vehicles and Charging Infrastructure

TLC is focused on facilitating the transition of all of its licensed vehicles to EVs. To that end, TLC first and foremost encourages current FHV license holders to convert their vehicles to EVs. Furthermore, TLC is working with stakeholders including drivers, fleets, base owners, auto manufacturers, Con Ed, charging infrastructure providers, and agency partners such as DOT, the Department of Citywide Administrative Services, and the Port Authority to increase the amount of EV charging available in New York City in order to meet current and future demand. As of early March 2023, there were 1,125 licensed FHV EVs; as of September 2023 there were 2,443 FHV EVs, and that number continues to grow.

TLC determined in its August 2022 License Review to issue up to 1,000 new FHV licenses that would be limited to use with EVs. After a rulemaking process, statements of interest were made available in March 2023 first to TLC-licensed drivers who do not already own their own vehicles and then to any person or business. This process demonstrated significant unmet demand for FHV EVs and was the best indication to date of the demand for EV-restricted licenses.

As the demand for EVs increases, charging infrastructure is also rapidly expanding in New York City as public and private sector investment continues to change the landscape. DOT, the New York Power Authority, and the Department of Citywide Administrative Services offer affordable fast charging for TLC



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drivers in several convenient locations throughout the city.¹⁰ Additionally, TLC has committed to opening fast chargers at its Woodside inspection facility, and DOT has begun installing hundreds of curbside level 2 chargers—which are particularly useful for overnight and off-shift charging—in all five boroughs.¹¹ Significant investment in charging infrastructure is also coming from the private sector, including TLC-licensee Revel which announced plans to open five new publicly available charging hubs in locations convenient to TLC-licensed drivers throughout the city in addition to its existing hub in Brooklyn.¹² Issuing new FHV licenses could increase charger utilization and help spur additional private investment in charging infrastructure.

Finally, following TLC’s *Charged Up!* report in December of 2022,¹³ Mayor Eric Adams and TLC announced that all trips dispatched by high-volume companies will be dispatched by electric vehicles or wheelchair accessible vehicles by 2030, with benchmarks beginning in 2024.¹⁴ TLC held a public hearing on the proposed rules on September 20, 2023, at which drivers, environmental groups, an economist, and the high-volume companies urged the issuance of additional EV-restricted FHV licenses to make compliance with the rules feasible and address other industry issues such as high leasing costs for drivers. TLC believes that the issuance of new EV-only licenses in addition to WAV-only licenses, especially in the next two years, is essential to begin the large-scale conversion of the FHV sector to EVs and spur demand for charging infrastructure. In fact, the overwhelming majority of the current FHV EV fleet operates under EV-only licenses issued when the EV exception was in place or when TLC issued 1,000 new EV-only licenses pursuant to its August 2022 License Review.

Traffic Congestion

Data from DOT indicate that bridge and tunnel traffic into the central business district (CBD) remains close to pre-pandemic levels. Furthermore, monthly Midtown traffic speeds, which rose in 2020 in the wake of the pandemic, have been decreasing year over year, reaching pre-pandemic lows in Fall 2022.¹⁵ As discussed in previous reports, the return of congestion shortly after the initial onset of the pandemic occurred while FHV trip counts remained low, indicating that the FHV industry played a smaller role in 2020–21 congestion than it had previously. As FHV trip volumes are now near pre-pandemic levels, the role of the FHV industry in the city’s congestion is likely similar to what it was before the pandemic, as analyzed in the 2019 TLC and DOT report.¹⁶

Conclusion

TLC has conducted a thorough review of the state of the city’s FHV industry, including assessing trip volumes, vehicle supply, traffic congestion levels, driver earnings, license attrition rates, outer borough service, and electric vehicles and charging infrastructure. Vehicle licenses continue to decrease while passenger wait times have remained steady, and trips and driver pay continue to increase. The demand for electric vehicles is growing rapidly, and TLC has new rules to require an increasing percentage

¹⁰ <https://www.nyc.gov/html/dot/downloads/pdf/dc-fast-charging-station-faq.pdf> (DOT); <https://www.nyc.gov/assets/dcas/downloads/pdf/fleet/electric-vehicle-public-charging-rules.pdf> (DCAS); <https://evolveny.nypa.gov/en/about-evolve-new-york> (New York Power Authority)

¹¹ <https://www.nyc.gov/html/dot/downloads/pdf/curbside-level-2-charging-pilot-faq.pdf>

¹² <https://www.amny.com/transit/revel-five-new-ev-charging-superhubs-across-nyc/>

¹³ https://www.nyc.gov/assets/tlc/downloads/pdf/Charged_Up!_TLC_Electrification_Report-2022.pdf

¹⁴ https://www.nyc.gov/assets/tlc/downloads/pdf/green_rides_initiative_%20with_certifications_8_14_23.pdf

¹⁵ Communication with DOT, March 10, 2023.

¹⁶ See supra note 3.



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of HV trips in EVs and WAVs, which will help address the City’s need to spur additional EV charging infrastructure. Finally, since the pause was initially put into place over five years ago, there are other tools that limit the oversupply of vehicles—including minimum driver pay rules, a congestion surcharge, changed financial dynamics for HV companies, potential new congestion pricing fees, and the ability to restrict new licenses to EVs. Following this analysis, TLC has determined that the industry can absorb new EV-only vehicles without undermining the gains that the license pause has achieved.

Accordingly, TLC will reinstate the exemption to the FHV license pause for electric vehicles that was in place from 2019 to 2021. **Effective immediately, applicants can apply for new EV-only FHV licenses through the standard FHV license application process.** Applicants can continue to apply for WAV-only FHV licenses as they have since 2018. These new licenses will help electrify the TLC-licensed fleet, help drive the demand for, and spur the development of, more private investment in charging infrastructure, allow drivers to avoid the volatility and high costs of gasoline, provide drivers currently stuck renting with an opportunity to own their own vehicles, introduce competition in the rental market, and help HV companies comply with the requirements of the Green Rides Initiative. As these licenses are put into use, TLC will monitor the impact that these new licenses have on the factors addressed in this report.