Taxi & Limousine Commission

Testimony of Chair and Commissioner David Do
New York City Taxi and Limousine Commission
Before the City Council Committee on Transportation and Infrastructure
The Preliminary Budget for Fiscal Year 2026
March 19, 2025

Good afternoon, Chair Brooks-Powers and esteemed members of the Committee on Transportation and Infrastructure. My name is David Do, Chair and Commissioner of the New York City Taxi and Limousine Commission. With me is TLC's General Counsel, Sherryl Eluto; TLC's Deputy Commissioner for Operations, People, and Innovation, Evan Hines; and TLC's Deputy Commissioner for Policy and Community Affairs, James DiGiovanni. We are grateful for your invitation to provide an update on TLC's regulated industries and the fiscal state of the agency. TLC is a relatively small agency with a large mission: to regulate a taxi and for-hire vehicle industry of nearly 300,000 licensees, from drivers to base operators and vehicle owners. Through strong fiscal management, the agency is continuing to deliver for New Yorkers, and it is my hope that this hearing is an opportunity to build on the progress of the past fiscal year.

As I reported at the oversight hearing held by this committee last month, the TLC-regulated industries are in a stable position, and we are optimistic about the future of for-hire transportation. In calendar year 2024, across all industries, there were over 300 million trips completed. In comparison to the previous year, overall trips have increased by 4.4%. Each sector of our regulated industries is unique, and there is some variation across each type. Taxi trips have increased by 7.5% from calendar year 2023 to calendar year 2024. Importantly, yellow taxi driver wages have reached new heights in part due to the meter rate of fare increase TLC passed in 2022. The agency estimates that between 70-75% of yellow taxi drivers are full-time drivers, and the median earnings for this group are now $60,000 per year compared to $55,000 in 2019.

The high-volume for-hire vehicle sector, the largest segment of our regulated industries, completed over 239 million trips in calendar year 2024, compared to about 232 million in calendar year 2023, representing a 3% increase. We also saw similar driver earnings increases in this sector as well. The median earnings for full-time drivers before taxes and expenses are now $63,000 in comparison to $50,000 in 2019, which is the result of TLC's robust driver pay rules authorized by Local Law 150 of 2018. Moreover, non-high-volume for-hire vehicles continue to show signs of progress as well, completing 19.7 million trips in calendar year 2024. This is an 18% increase compared to calendar year 2023.

The commuter van industry is beginning to show signs of recovery with 43 vans in service compared to 34 at the beginning of 2024. This may in part be due to Empire State Development's Commuter Van Stabilization Program. Through this program, eligible applicants can receive up to $40,000 to help offset the cost of annual commuter van auto insurance policies as well as receive reimbursements for specific vehicle safety upgrades, including advanced driver assistance, dash cams, and GPS tracking.

But this progress has not been without significant challenges. One factor is the instability in the for-hire vehicle insurance market created by American Transit Insurance Company's 46-year saga of insolvency. To be clear, TLC does not regulate insurance companies, but the agency does set insurance requirements, including no-fault minimums, to ensure that drivers, passengers, pedestrians, cyclists, and other road users are adequately and quickly compensated for crashes involving TLC-licensed vehicles. Importantly, this coverage differs from liability insurance because it is available immediately to crash victims without the need for a time-consuming and expensive lawsuit. We are working closely with our partners at the New York State Department of Financial Services to ensure that any impacts related to American Transit Insurance Company's insolvency on our regulated fleets, drivers, and ultimately passengers are mitigated. We are reviewing and monitoring proposed language in the state budget that will aid in returning the company to solvency and increase competition in the commercial insurance marketplace.

A second major obstacle was the use of lockouts in calendar year 2024 by Lyft and Uber. The main purpose of these lockouts was to artificially inflate the utilization rate in TLC's driver pay formula to avoid paying drivers, who had already been onboarded to work for Lyft and Uber. Under the current rule structure, drivers are paid for trip time and trip distance, which are then divided by the utilization rate to capture total working time across the entire high-volume industry. Lyft and Uber get credit for 58% utilization for driver pay calculations while only having to hit 53%; this flexibility is intended to incentivize companies to avoid lockouts due to minor fluctuations in utilization. However, in 2024, the utilization rates began to fall below 53%, which meant that driver pay calculations would reflect the actual utilization rate from the previous calendar year, not 58%, resulting in the companies having to pay the drivers more. Instead of fairly paying drivers, as we have long asserted, the companies made deliberate choices to game the system by locking out drivers in order to artificially push the utilization rate back over 53%. They have failed to manage supply and demand.

As a consequence, on February 5, 2025, TLC held a public hearing to propose changes that would increase minimum per-mile pay rates to account for increased driver expenses, change the way utilization rates are calculated and applied, and add restrictions to lockouts to ensure that drivers have reasonable expectations of their working hours and incomes. Specifically, the proposed amendments split the utilization rate into two: a time-based and a distance-based utilization rate to prevent manipulation by the high-volume for-hire vehicle companies and capture driver working time more accurately. In addition, the proposed rules require companies to provide 72 hours' notice before restricting drivers' access to the platform and prevent companies from logging a driver off mid-shift except in certain limited circumstances. Recognizing the important nature of these rules, TLC extended the comment period to March 5, 2025, to give our licensees additional time to review the proposals and voice their opinions. We are currently reviewing the feedback we received on these proposed rules and plan to vote on the final rules in the coming weeks.

In addition to raising driver pay rates, we also passed new rules to implement Local Laws 33 and 56 of 2024, allowing for a formal procedure for the licensing of businesses that provide electronic tablets and software for interior advertising in for-hire vehicles. These rules were crafted to ensure that drivers share in the financial benefits of this innovation. Our rules state that an interior advertising provider must pay at least 25% of the gross revenue generated by the interior advertising system to each driver using or operating an approved tablet in a for-hire vehicle. We listened to the feedback from the driving community and added language to ensure tipping could be added as a feature by high-volume for-hire services. To protect these hard-fought gains, we also included a framework to ensure TLC has the necessary data to examine the compensation received by drivers, issue violations if the companies do not comply with the requirements, and adjust the rate as needed.

I am also pleased to report that we have already exceeded this year's requirement of 15% of trips dispatched to electric or wheelchair-accessible vehicles as part of TLC's Green Rides rule package. Lyft and Uber are dispatching about 20% of trips to electric and wheelchair-accessible vehicles, so we are on track to hit our 2026 target ahead of schedule. As of January 31, 12,635 for-hire vehicles out of the 105,873 licensed by TLC are electric, or 12%. By requiring a shift from gas to electric, we have reduced CO_2 emissions by more than 19,000 metric tons. We remain committed to ensuring that New Yorkers have cleaner air and quieter roads. But driving electric is not only beneficial for our public health and environment but also for drivers. As our *Electrification in Motion* Report detailed, for-hire EV drivers' average monthly pay per trip is consistently higher, by about $2-3, compared to those in gas-powered vehicles. Electrification has many benefits for our driving community and the public at large, and we will continue to monitor our progress and review policy changes at the federal level as necessary.

Next, I would like to preview TLC's preliminary budget for fiscal year 2026, which is projected to be approximately $58 million, broken down into $45 million in personal services (PS) and $13 million in other than personal services (OTPS). This is an overall decrease of nearly $2.3 million, or 3.8%, from the previous year. This expected change is the result of the Program to Eliminate the Gap savings initiative and is mostly due to less than planned contract spending, vacancy reductions, and efficiencies in other than personal services.

Currently the TLC's authorized headcount is 546 for fiscal year 2026, which in comparison to fiscal year 2025 is a decrease of 9. This is due to a reduction of unassigned heads rather than a decrease in staffing. TLC is working closely with OMB and Mayor Adams to meet our staffing needs by backfilling critical positions, and we are actually in the process of hiring additional uniformed team members. The Mayor has been a strong advocate for increasing the quality of life for all New Yorkers and understands that as an enforcement agency, TLC is a partner in this effort. As we continue to fill vacancies at the agency, I am proud to announce that 16 TLC enforcement cadets graduated from the academy in October 2024 and are now keeping our city streets safe. These new officers are the first class of the 100 enforcement officers that TLC committed to hiring at the last budget hearing using a combination of existing vacancies

and new funding. Throughout this year we will be continuing our efforts to hire and onboard 84 more officers until we reach our goal. Overall, through strong management and savings, TLC remains in solid fiscal health, and we will continue to monitor revenue collections and work with OMB to make any adjustments as needed.

Next, I will share an update regarding TLC's capital projects. Our Safety and Emissions Inspection Facility in Woodside, Queens, is currently in the first phase of a $180 million reconstruction. This project is being managed by the Department of Design and Construction and is expected to be substantially complete by the end of 2028. The project is currently at 18.2% completion and is needed to mitigate structural degradation as well as to meet an increasing demand for inspection services. Once completed, the new facility will increase inspection capacity by 200 cars per day and reduce street congestion associated with entering and exiting vehicles. Notably, the scope of the project was expanded to include 70 new electric vehicle chargers, including 30 level 3 fast chargers, to support TLC's Green Rides initiative. The city will seek partial reimbursement for the installation of these chargers from grants such as the Con Edison Power Ready program. For TLC employees, there will also be a new administrative building, a parking garage, and vehicle testing equipment. The current inspection facility remains operational while the new construction is underway.

Across all of TLC's projects, the agency is committed to ensuring that our vendors reflect the diversity of New York City. The Minority and Women-Owned Business Enterprises (M/WBE) program expands opportunities for local entrepreneurs to access government contracts and grow their businesses. TLC's current Fiscal Year 2025 M/WBE utilization rate is 67%, or $1.5 million in M/WBE contracts, which reflects that we are only midway through the fiscal year. I am confident that by June 30th, TLC will reach an M/WBE utilization very near the same percentage as last fiscal year. This number reflects utilization for eligible contracts, which do not include intergovernmental contracts or requirement contracts. That being said, we are still above our agency's goals for M/WBE utilization, which is 60%, and far above the city's goal of 30%. M/WBE vendors were procured for services required to upgrade our licensing systems through the agency's TLC Connect project and revise our educational course curriculum. Through all of these contracts, we are contributing to advancing equity in our city.

As I conclude my remarks, I would like to thank all of the hard-working TLC employees that made our achievements this past year possible. I look forward to collaborating with the members of the Committee as the budget process continues to ensure that New York City continues to have the safest and most well-regulated for-hire vehicle industry in the country. I am now happy to answer any questions you may have about the TLC's budget or regulated industries.