

**Testimony of William Heinzen, Acting Commissioner
New York City Taxi & Limousine Commission (TLC)
New York City Council: Transportation Committee
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**Oversight Hearing: TLC's Implementation of For-Hire Vehicle Growth Restrictions, For-Hire
Vehicle Driver Pay Standards, and Other Recent Local Laws**

Good afternoon, Chair Rodriguez, and members of the Committee on Transportation. With me today is Rodney Stiles, the head of TLC's Policy & External Affairs Division. We would like to provide an overview of TLC's implementation of several recent pieces of legislation regulating the For-Hire Vehicle (FHV) industry, including the creation of a special license for High-Volume FHV Companies, combating congestion from the FHV industry, protecting FHV driver income, and creating a new Driver Assistance Center. New York City serves as a model for other cities in the US and around the globe struggling to respond to the seismic shifts in for-hire transportation over the last several years. New York City continues to lead the way in developing and implementing smart, data-driven policies that benefit our city, the riding public, and the drivers who transport them.

High Volume For-Hire Service License. A little over a year ago, in August 2018, the City Council passed Local Law 149, authorizing the TLC to issue a "High Volume For-Hire Service License" to companies that dispatch at least 10,000 trips per day. The companies that fall within this definition are currently the four major app-based for-hire service providers: Juno, Lyft, Uber and Via. Local Law 149 established the term of the license as two years and authorized the TLC to set a fee for the license. Based on standard license fee calculation methodologies, the license fee was set at \$380,000.

Since then, the TLC has undertaken the rulemaking necessary to implement the legislation and create this new license type. Applications, which included an evaluation of these services' impact on New York City, were due earlier this year from each of the four High Volume Services. TLC is completing our review of the applicants' business plans, impact analyses, as well as reviewing each company's compliance with TLC rules and local laws. Later this fall, we will make a final

determination as to the issuance of licenses based on a combination of these factors. The new license category has already been a useful tool, allowing TLC to create more fine-tuned regulations that account for the different impacts for-hire businesses of different sizes have on our city.

Driver Income. In response to widespread concerns that drivers were not earning a fair living, TLC released a report in July 2018, on the economics of the app-dispatching companies. The report found that more than 96% of New York City's 85,000 app drivers were earning less than the equivalent of the minimum wage, driven by a combination of low earnings and high expenses. Drivers take on most of the business costs and risks – particularly the cost of purchasing or leasing a vehicle, maintaining it and insuring it. They had no guarantee of their pay levels or that there would be enough work to cover these high expenses. The companies they worked for were adding more and more drivers to the streets, diluting each driver's opportunity to earn.

Council shared our concern and passed Local Law 150, empowering TLC to pass landmark Driver Pay Protection rules, the first of their kind in the world. After proposing rules and holding a public hearing, these new protections were approved by TLC's board of commissioners and went into effect on February 1, 2019. Today, High Volume For-Hire Service companies must pay drivers enough that they gross at least \$27.86 per hour, which translates into taking home \$17.22 an hour after covering their average expenses. These rules also for the first time created an incentive for the app companies to stop recruiting more drivers than they need because the rates will automatically increase if they do not keep their existing drivers busy.

The rules are working. Average driver gross earnings per hour are \$28, which is slightly higher than the rules require. In the first five months of the program, drivers were taking home an average of \$750 more per month than they would have without the policy. TLC projected that the rules would increase the typical driver's earnings by \$9,600 per year. Although we will not know the precise annual impact until the program has been in place for a year, a review of earnings data thus far puts the typical driver on track to receive this nearly \$10,000 raise.

Study of High Volume For Hire Services in New York City & Congestion Rules. Also passed in August 2018, Local Law 147 required the TLC and the Department of Transportation to evaluate the impacts of the rapid growth of For-Hire Vehicles in New York and to consider various policy options to address the issues caused by their uncontrolled growth. The Council paused the issuance of new for hire vehicle licenses for one year, and for the first time, the TLC was given the authority to limit the number of for-hire vehicle licenses. Before exercising that power, the Council required the TLC to propose permanent growth-control policies and to ensure that these new policies were in place by August 13, 2019.

The TLC and DOT oversaw a groundbreaking study of how various policy interventions would impact congestion, vehicle utilization, and driver income. The study found that vehicles working for high-volume for-hire services were typically cruising empty 41% of the time. It also found that in the Manhattan Core below 96th Street, For-Hire Vehicles make up nearly 30% of all traffic. Based on the data obtained in compliance with Local Law 147's mandated quarterly studies on the impact of Council's 12-month vehicle license cap on ridership throughout the city, TLC's analysis showed that after a year of the license cap, service levels did not decline, and trips across the city continued to increase, particularly in the outer boroughs, while passenger wait times remained consistent. The quarterly reports show no indication that the license cap had any of the negative impacts predicted by the app companies ahead of Council's vote last summer.

Following the study, the TLC extended the cap on FHV licenses for one year. TLC also created a second cap, which limits how long the High Volume FHV companies can let their vehicles cruise empty without passengers in the Manhattan Core during peak hours. Taken together, these caps should meaningfully impact congestion, increasing speeds in the evening rush hour by up to 10%.

To provide a degree of flexibility consistent with the city's ambitious goals on accessibility and greenhouse gas reduction, the new rules exempt wheelchair accessible vehicles from both the license cap and the cap on cruising and exempt battery electric vehicles from the license cap. Further,

we extended the exemption for TLC-licensed drivers who entered into long-term, lease-to-own agreements for a vehicle before the effective date of Local Law 147.

After the first year of the extended license cap, we will evaluate several factors every six months, including but not limited to, congestion levels, driver pay, license attrition rates, and service across the City. Through that evaluation, we will determine whether and how many additional FHV licenses to issue and whether the cap on cruising is set at the correct level.

Office of Inclusion. TLC has also been hard at work this last year making sure the City's for-hire fleets are accessible to all New Yorkers. No one should ever be denied for hire transportation based on illegitimate factors such as their race, religion or disability. In July 2018, Mayor de Blasio and Speaker Johnson announced support for a new Office of Inclusion within the TLC, whose mission is to ensure that all passengers receive the service to which they are legally entitled. The Council then enacted Local Law 219, which empowered the Office to develop anti-discrimination training for drivers, reinforce the zero tolerance discrimination policy, raise awareness about service refusals and streamline the complaint process.

The Office has met with civil rights, disability and driver stakeholder groups including the NAACP, Hispanic Federation, National Action Network and Taxis for All to discuss how we can collaborate and effectively spread awareness on the issue of service refusals and discrimination. Also, TLC has conducted focus groups with drivers from every sector of the industry to discuss the issue of service refusals, discrimination and license penalties for those who illegally refuse to take a passenger. Staff members have also attended outreach events geared towards both the riding public and our drivers. Currently, public service announcements on how to file service refusal complaints are circulating on all 1,785 Link NYC kiosks.

In addition to our print campaign on service refusals, we've created a video that shares stories from two passengers about their experiences with discrimination in the taxi and FHV sectors. It also spotlights two drivers with exemplary service records to tell their stories of how and why they provide

service to everyone. The video plays at TLC facilities and is also used at stakeholder and community meetings with drivers and the riding public. We are also engaging marketing experts to design and deploy a passenger awareness campaign, ensuring New York City residents and visitors are aware of their right to for-hire service. We look forward to reporting more progress on our work with the Office in the one-year report to Council that is required by Local 219.

Local Law 148 of 2018: Waiver of licensing fees for accessible FHV. Last August the Council enacted Local Law 148, which waived the vehicle license fee (\$275) for any taxi or FHV that is used as a wheelchair accessible vehicle (WAV). By reducing a financial obstacle to vehicle owners who want to provide accessible service to passengers, the law furthers the City’s overarching FHV accessibility policy.

For many years, people who use wheelchairs were not able to access for-hire service. The inequity of that situation became even more dramatic with the introduction of dispatching apps, which were offering passengers who do not use wheelchairs service across the city at the touch of a button. After extensive consultation with disability advocates and industry stakeholders, in 2017, TLC approved rules that made New York City the first in the nation to require FHV, including app-based services, to provide meaningful wheelchair accessible service.

Implementation was delayed because several members of the FHV industry brought litigation against TLC’s FHV Accessibility Rules. After that litigation was resolved, the right to accessible FHV service became a reality on January 14, 2019. Bases must also provide TLC with data on passenger wait times for both accessible and non-accessible trips, complaints and trip costs, as well as fulfillment and cancellation rates. This data enables TLC to measure compliance and learn whether the policy is making the impact we hoped for.

Nine months later we are seeing that the policy is already making a difference. Whereas at the beginning of this administration there were only approximately 50 wheelchair accessible FHV and people requesting accessible service usually found themselves without a ride—a phenomenon

confirmed by TLC testing – there are now over 900 wheelchair accessible vehicles in service. Before TLC’s rules, many companies, including the largest services, explicitly restricted their accessible service to individuals who could climb into and out of foldable wheelchairs. Today, they now provide fully wheelchair accessible service and are serving a majority of requests in under 15 minutes. Although work remains to be done on this program – both in continuing to improve wait times and particularly in making sure members of the public know about their right to this service -- we are proud of the significant progress made to date and are optimistic that continued monitoring, enforcement and outreach will further improve service to where it needs to be.

Local Laws 218 & 220 of 2018: Driver Assistance Services. In addition to addressing driver income, congestion, and accessibility, Council also in the last year called on TLC to increase services available for drivers struggling in the changing for-hire industries.

Enacted in December 2018, Local Laws 218 & 220 require the TLC, in consultation with the Department of Consumer Affairs and Worker Protection and the Department of Small Business Services, to provide services and information to assist TLC-licensed drivers and vehicles as well as individuals looking to enter the for-hire industry. The legislation requires services including, but not limited to, financial counseling, mental health services and referrals to non-profit organizations or other entities that may provide additional assistance to such drivers or owners. TLC and our sister agencies brought several services to the drivers directly at dozens of events citywide.

Through this outreach we identified the need to expand beyond the requirements of the legislation to meet the needs of drivers and fulfill Council’s goal. As announced in June, the City is creating a new Driver Assistance Center that will have on-site staff offering financial counseling and debt restructuring assistance, financial advocacy, referrals to health services and screening for public benefits. The Center will be located at our Long Island City facility and will be open to all our drivers.

We are also in the process of creating a new Business Practices Accountability Unit. The unit’s mission will be to protect medallion owners and TLC drivers from unfair practices by businesses that

fall under TLC regulation. The Unit will be tasked with increasing accountability and transparency of business practices in the for-hire transportation sector. To promote sound business practices, the Unit will investigate violations of TLC rules and relevant local, state or federal regulations. It will be fully incorporated into TLC operations, working with other divisions including Licensing and Prosecution, on any necessary revisions to the licensure and renewal process, assisting in investigation of rule violations by TLC-licensed businesses and educating drivers of their rights when working with a TLC-licensed business. We are currently staffing up the Unit and plan to have it fully operational in the coming months.

Local Law 43 of 2019: For Hire Vehicle Leases. In February 2019, the Council directed the TLC to promulgate driver protection and disclosure rules regarding leasing, rental, lease-to-own, and conditional purchase arrangements to obtain an FHV for use with a license issued by the commission.

TLC rules have long included transparency requirements for financial transactions between drivers and yellow taxi owners. These requirements provide yellow taxi drivers the information to understand all charges a fleet may impose and allow TLC to effectively investigate allegations of fleet overcharges. Previously the FHV sector did not have the same transparency requirements as the taxi sector, and TLC's Driver Protection Unit did not always have the legal tools available to address valid concerns brought to them by FHV drivers. Since December 2018, TLC's transparency rules now apply to all FHV bases, regardless of size. As a result of driver complaints received, the Driver Protection Unit has to date helped taxi and for-hire vehicle drivers recover more than 3.2 million dollars.

Even with the added protection provided by the transparency rules, drivers remain concerned about high leasing costs. We have heard drivers' concerns and we are actively investigating this matter. We are directing FHV leasing companies to provide us with information and data to better understand the practices of leasing companies, including the costs and types of arrangements offered. We are particularly interested in finding out whether lease costs have increased recently, and whether the leasing terms that are being offered to drivers are unclear, misleading or unfair. Initial research

indicates that weekly lease prices have not increased in the last year, but we are gathering more information and will propose regulation if necessary. It should also be remembered that our driver pay policy is designed to account and adjust for increasing driver expenses. We look forward to sharing our findings with you and other stakeholders.

Working together, the Council and the TLC have achieved real benefits for drivers and passengers. But of course, important work remains. We look forward to our ongoing partnership as we take concrete measures to limit unprecedented growth in the For-Hire Vehicle sector, and as we continue developing long term solutions for issues resulting from that growth.

Thank you for the opportunity to testify.