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June 24, 2016

The Honorable Jim Beall
Chair, Senate Transportation and Housing Committee
California State Senate
State Capitol Building, Room 5066
Sacramento, CA 95814

RE: AB 650 (Low). Public Utilities Commission: regulation of taxicabs.
Notice of Opposition (as amended 6/23/16)

Dear Senator Beall:

The League of California Cities must respectfully **Oppose** AB 650 (Low), which seeks to shift regulatory authority over taxicabs from local governments to the California Public Utilities Commission (CPUC) in an effort to 'level the playing field' across the for-hire transportation industry.

While providing relief to a taxicab industry facing increased competition and declining market shares in an unbalanced regulatory scheme is a notable effort, we must express opposition to the approach taken by this measure. The proposed reform will not provide taxicab drivers and operators the tools to be competitive because their competition is consciously ignored by this measure. In addition to setting regulatory inequities, local governments will lose their authority and be left with a host of safety and planning concerns and costs to address.

In response to new market realities, the League would prefer a balanced state and local regulatory framework over the *entire* for-hire transportation industry. We support providing the CPUC statewide authority to set standards while empowering local governments to establish regulations that meet the needs of their communities. This measure operates in a policy silo, however. It nearly removes all local authority over taxicabs without regard for the impacts that it would have on our communities.

Further, this measure questionably shifts authority to the CPUC, which at this time has no significant capacity to regulate the for-hire transportation industry. The CPUC remains understaffed and under-resourced, which was exhibited in recent regulatory efforts and public remarks. In addition, the CPUC is the subject of various strongly backed reform measures in response to numerous administrative issues. It is cause for great public and consumer safety concern to shift the tremendous administrative burden of taxicab regulation to its jurisdiction.

The regulation of taxis has been a municipal affair for nearly a century, yet the emergence of new business models has challenged the traditional structure of for-hire transportation services and regulations. Although local governments have begun to reexamine and modernize regulations to provide a balanced regulatory approach, this measure strips their authority and reverses their advancements. Local governments want to be a partner as we all address the rapid integration of new technologies.

The League has taken a collaborative approach on this measure in recognition of the urgent realities facing the taxicab industry. We submitted a list of addressable concerns that would accept CPUC authority while ensuring that the measure would be workable and sensible for local governments. We

thank you for considering these points, but recent amendments have failed to alleviate our concerns. In the addition to the aforementioned issues, we remained concerned about the following:

Accessibility Programs and Operations

Several local governments have entered into contract agreements with for-hire transportation companies and non-profits to provide free or reduced ride services. These services, which include wheelchair accessible taxicabs, remain important and should be retained along with the authority of local governments to enter into contract agreements for these services. In lieu of local taxicab revenues, the CPUC should establish a way to retain accessibility programs, with special consideration given to local governments that currently have these programs in place.

Timeline for Data Transfer

The measure requires local governments that license taxicab services to transmit all licensure information to the CPUC. The measure does not provide a reasonable timeline for local governments or the CPUC to transmit and receive the licensure information nor gives thought to the protection of documents containing sensitive information, such as personal identification information. The measure should include an adequate delayed implementation date and include an agreed-upon process to reduce the burden on state and local agencies.

Critical Consumer Protections

Consumer protection must be given adequate attention. This measure should provide an accessible means for public complaint, including posted and visible vehicle identification numbers. Further, the travelling public should be made aware of all fees by requiring them to be posted and visible through all available means. This includes disclosure of credit card convenience fees and display of flexible rate structures. There are additional concerns that will be no oversight of the devices used by taxicab carriers to calculate fares. While we recognize that GPS and related devices are the best available technologies, they are certainly not exempt from flaws and should be under the authority of the CPUC to monitor and set best practices in effort to ensure public trust and fair pricing. Further, amendments remove provisions related to illicit copying and sharing of driver permits. These basic consumer safety measures should remain and be industry-wide standards.

Permitted Vehicle Controls

While lifting the cap on the number of taxicabs is cornerstone to this measure, it is important that we integrate control mechanisms to ensure that the lifting of the cap does not have significant negative effects on transportation systems, especially on our already congested and dilapidated roads. It is sensible to refer to basic economic theory and history to infer that major cities and business centers will be inundated with for-hire vehicles---which will concern existing taxicab drivers/operators and local governments.

Data Sharing for Local/Regional Transportation Planning

Providing data on the number of permitted vehicles is important to statewide policy goals as cities and counties must develop regional transportation plans (SB 375; 2008), and local general plans.

In effect, this measure establishes a landscape in which drivers will experience decreased market shares, an overstretched regulatory body and much of the same regulatory inequities within the for-hire transportation industry that exist today. Meanwhile, communities will be endangered and public infrastructure will further deteriorate.

In conclusion, the League is concerned that this major statewide policy shift could lead to more problems than it purports to solve and suffers from a rushed and incomplete exploration of possible solutions.

For these reasons, we are compelled to **Oppose** AB 650. The League remains committed to working with all stakeholders to address this issue. If you have any questions regarding the League's position on this bill, please do not hesitate to contact me at (916) 658-8283.

Sincerely,



Ronald Berdugo
Legislative Representative

cc: Assembly Member Evan Low
Members, Senate Transportation and Housing Committee
Senator Ben Hueso, Chair, Senate Energy, Utilities, and Communications Committee
Members, Senate Energy, Utilities, and Communications Committee
Randy Chinn, Consultant, Senate Transportation and Housing Committee
Ted Morley, Consultant, Senate Republican Caucus
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