

**Testimony of Commissioner Meera Joshi  
NYC Taxi and Limousine Commissioner/Chair**

**City Council Committee on Transportation  
Oversight Hearing: App Technology and the  
Transformation of the Taxi and For-Hire Industries**

**December 3, 2014**

Good morning Chair Rodriguez and members of the Transportation Committee, I am Meera Joshi, Commissioner and Chair of the New York City Taxi and Limousine Commission. Thank you for the opportunity to speak today about Smartphone applications (apps) and ways they have transformed the taxi and for-hire vehicle industries.

The purpose of my testimony today is to describe changes to TLC rules as Smartphone app technology has become more prevalent in the taxi and for hire-vehicle industries. These changes promote safe and reliable service for passengers and include accountability measures so core standards are adhered to while simultaneously fostering innovation.

For years, new technologies have been present in the for-hire vehicle (FHV) industry. By 2009, many for-hire bases had adopted either off the shelf dispatching programs or had developed their own web based dispatch program tailored to their particular services. The benefits of these technology enhancements, which streamlined dispatch, were immediately appreciable. By 2012, these benefits were also widely present via Smartphone apps that dispatch cars. There is no debate that incorporating apps into the dispatching process has given passengers more options and has given drivers additional income opportunities. Apps put direct access to taxis and for-hire vehicles in the pockets of every New Yorker and visitor with a Smartphone.

In some jurisdictions however, apps are given special permission to provide for-hire service with unlicensed vehicles, unlicensed drivers, and inadequate insurance. For example, in Boston, Atlanta, and Dallas, anyone can provide for-hire transportation without going through a licensing process. I am proud to say that app companies operating in New York City are held to the same high standards as all private for-hire transportation providers and must work within the existing TLC license structure. This means, for example, that dispatched drivers must be drug tested and background checked, and vehicles must have for-hire insurance and pass a 200 point inspection.

A number of our regulatory counterparts from other jurisdictions have and continue to reach out to us about our experience in working with app companies to see how they have adapted to New York City's high-accountability regulatory model, thinking that what we have achieved must have been a very complex undertaking. We tell them that, while navigating these new waters involved some complexities and challenges, the basic approach was a simple one – if you are going to operate in New York City, the safety, accountability and consumer protections must be there, and our licensing process provides for this. Unfortunately, some of these jurisdictions have experienced true horror stories involving, among

other things, drivers who were poorly screened and vehicles without adequate inspections or insurance coverage. As taxi and for-hire services are essential components of any city's transportation network, such problems have the effect of degrading the system as a whole, which is simply not an option we would tolerate here in New York City, where we move about one million passengers a day.

In New York City, different rubrics govern apps that dispatch, which is dependent on the industry segment they are dispatching, and whether they/or a company related to them is a TLC licensee.

### **Apps and Taxis**

In 2013, the TLC launched a pilot program to evaluate hailing a yellow taxi through a Smartphone. The program gives passengers the same experience they would have in any taxi – passengers are charged a metered fare and drivers must follow TLC rules. However, the use of the application allows passengers and drivers to “peek around corners” to connect with one another. This has the potential to increase driver income and lowers passenger wait time by helping them efficiently find each other, especially in areas without a dense supply and demand for taxi service, where drivers and passengers looking for fares are often not in the same place at the same time.

From the first year of the pilot program, we have found that e-hail apps do help passengers find taxis in certain lower-trafficked areas. Over 600,000 E-Hailed rides were serviced during the pilot's first year, and the majority of pickups occurred in either Manhattan above 110<sup>th</sup> street or the other boroughs— areas that historically have not seen a lot of yellow taxi service. While only 6% of all taxi pickups in that same time period occurred in these areas outside of the Manhattan Central Business District, a full 66% of E-Hailed rides started in these areas.

Due to the success of the E-Hail pilot in providing yet another option for passengers to arrange safe and legal for-hire transportation service, before the end of the year the TLC plans to make the program permanent. The proposed rules will create an E-Hail license structure and will mirror many of the requirements from the E-Hail pilot.

### **Apps and For-Hire Vehicles**

To work in the FHV sector, dispatch apps must either obtain a base license from the TLC or work with an existing TLC-licensed base, and for-hire dispatching is still subject to all TLC applicable rules. Most importantly that for-hire service must only be dispatched by TLC-licensed bases to TLC-licensed drivers and vehicles meeting TLC's requirements.

Today as many as 42% of for-hire vehicles can be reached through passenger facing apps, using over 75 different platforms. This paradigm shift requires new accountability rules. A few weeks ago, the TLC unanimously voted to require all FHV bases to provide electronic trip records and prohibited cross class dispatching in order to balance the growing prevalence of the practice with the Commission's policy and enforcement needs. And as technology and the for-hire industry continues to evolve, the Commission

looks forward to discussing with Council and the Transportation Committee appropriate government action.

Thank you again for allowing me to speak to today on how apps are transforming the taxi and for-hire vehicle industries. At this time I would be happy to answer any questions you may have.