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Bringing Out the Regulatory Wheel Clamps for Uber

It isn't only New York City. Politicians across the U.S., allied with taxi groups, try to bar ride-share services.

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The big headlines in the political war on ride-sharing services like Uber and Lyft have come from New York City. In a Manhattan speech in July, Hillary Clinton cast a skeptical eye toward the innovative business models of the “gig economy.” Around the same time, Mayor Bill de Blasio announced—and then quickly abandoned—a proposal capping the number of ride-share drivers roaming the city.

But what you may not have heard is that similar battles are taking place all over America, including in our home states of Florida and Michigan. In too many cases, the ride-share revolution is running out of gas, not because of lack of customers but because of meddling politicians.

Florida county and city governments are outdoing each other in their regulatory crackdowns. Operating a ride-sharing service is illegal in populous Miami-Dade County. Drivers face arrest in Key West. Hillsborough County, home of Tampa, has sought an injunction that would bar Uber from doing business there. Broward County, home of Fort Lauderdale, threatened to sue Uber and Lyft for failing to comply with regulations that require every driver to register as a chauffeur and be fingerprinted. Both companies ceased operating within Broward County earlier this summer.

Michigan has no statewide legal framework for ride-sharing services, and lawmakers are considering legislation to regulate them the same way as limousine drivers. In the meantime, cities have made up their own minds: Some, such as Grand Rapids, have welcomed ride-sharing. Others, such as Ann Arbor, have issued cease-and-desist orders to Uber and Lyft.

Nor are our states unique. After a hard-fought series of legal battles in Nevada, ride-sharing services became free to operate this month, but they still face the highest licensing fees in the country—up to \$500,000 to license their vehicles, along with taxes on rides and fees on driver applications.

In Texas ride-share drivers face a patchwork of local regulations that cause uncertainty from jurisdiction to jurisdiction. For instance, Austin's city council has proposed a \$1 per-ride tax, while San Antonio requires drivers to be fingerprinted and to have commercial insurance.

Two taxi companies in Rhode Island filed a lawsuit demanding that Uber be barred from the whole state. They accuse the company of disregarding the extensive regulatory apparatus applied to taxis.

Politicians claim new regulations will protect consumers, but they end up protecting business for taxi-cab associations. Last year the Florida Taxi Cab Association, for example, uncompromisingly called for ride-sharers to "cease operations in Florida and across the country immediately." Broward County taxi companies donated thousands to county commissioners and hired lobbyists to argue for the restrictive regulations that pushed Uber and Lyft out.

As ride-sharing grows in popularity, it deserves the opportunity to compete on a level playing field. Uber alone has facilitated more than five million rides in Florida and two million in Michigan since launching in our states. More than half of millennials report having used ride-sharing, and older generations aren't far behind. Research from the American Action Forum indicates that ride-sharing generated \$519 million in economic activity between 2009 and 2013.

It has also put thousands of people to work. Uber had more than 150,000 active drivers in December of last year. These workers set their own hours and earn income when they need it. Ride-sharing's growth has been especially good news for millennials, considering high youth unemployment. At Uber, internal data shows nearly 20% of drivers are under 30.

Politicians may fret about public safety, but a Cato Institute analysis concluded that ride-share companies have safeguards "stricter than the screening requirements for many American taxi drivers." A Temple University study even found that the introduction of low-cost ride-sharing services to California meaningfully lowered deaths from intoxicated driving by up to 5.6%.

Some elected officials recognize these facts. Carlos A. Giménez, the mayor of Miami-Dade County, wants to legalize ride-sharing. "I've got to bring the taxi drivers into the 21st century," he told the Miami Herald. "I'm not going to bring Uber back to the 20th century." Ann Arbor

City Councilwoman Sabra Briere expressed a similar sentiment, telling the Michigan Daily that forcing Uber to operate like a taxi company would "destroy" it.

More policy makers need to follow their lead and focus on making the regulations fit the business model—not the other way around. The fact that Uber and Lyft continue to grow indicates that their customers are happy and see the value for the money. Politicians ought to keep their hands off the wheel.