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Nevada Cracks Down on Uber

By Matthew Feeney
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Unsurprisingly, Nevada officials are cracking down on Uber. Last Friday, the San Francisco-based transport technology company [announced](#) its launch in Sin City. On the day of the launch eight Uber drivers in Las Vegas had [their cars impounded](#) and were issued citations for providing an “unlicensed for-hire transportation service.” In addition, District Court Judge James Russell banned Uber drivers from offering ridesharing services in Nevada until at least early November.

Instead of spending time and money on impounding ridesharing vehicles Nevada officials should turn to their attention to reforming taxi regulations, which make it difficult for taxis in Las Vegas to compete with Uber.

As [I noted last week](#), Las Vegas has especially over burdensome taxi regulations in place. Taxi drivers in Las Vegas are restricted in regards to where, how, and sometimes (depending on which medallion they have) when they pick up passengers. Uber drivers are not nearly as restricted. Given such an environment it shouldn't be surprising that yesterday Uber was reporting an “[insane](#)” level of demand.

According to an Uber [spokeswoman](#), the company is financially and legally supporting drivers dealing with citations and impounded vehicles, as it has done in other jurisdictions where drivers have run afoul of regulators. According to one Uber driver in Las Vegas, five Nevada Taxicab Authority vehicles and [two undercover officers with black ski masks](#) were used to impound his Ford Focus while he was trying to drop off passengers.

In an ideal regulatory framework taxis and ridesharing drivers would fairly compete and Uber drivers would not have their cars impounded. Unfortunately, many taxi regulations in the U.S. allow for incumbent protection and do little to encourage competition and innovation that would benefit consumers.

Uber drivers' experiences in Las Vegas highlight the regulatory grey area that Uber and other sharing economy companies occupy. Before the rise of the sharing economy the distinction between private car owners and taxis was clear. Today, Uber, Lyft, and Sidecar make that distinction more difficult to make, and regulators across the U.S. are struggling to keep up with the changes in technology that allow for the sharing economy to exist.

Yet rather than deal with companies like Uber by reexamining and updating existing taxi regulations or taking steps to make taxis more competitive, the Nevada Taxicab Authority has deployed officials to crack down on drivers using Uber. This is an overreaction to the emergence

of ridesharing. The Nevada Taxicab Authority ought to consider a range of changes to existing regulations such as not restricting how and where Las Vegas taxi drivers can pick up passengers.

The technology that allows Uber and other ridesharing companies to operate is not going anywhere. The Nevada Taxicab Authority cannot possibly expect the impounding of ridesharing vehicles to be an effective long-term strategy. In the short term, however, it shouldn't be surprising if the Nevada Taxicab Authority continues to use the existing outdated regulatory environment to its advantage in order to protect taxi drivers from competition.

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