

METRO
2019 LEGISLATIVE ISSUE IDENTIFICATION

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ISSUE: Ride-hailing

BACKGROUND: Ride-hailing services (also known as transportation network companies, or TNCs) use apps to connect passengers with drivers who provide rides in their personal vehicles. Two ride-hailing companies, Uber and Lyft, currently offer service throughout the Portland region. Use of ride-hailing has grown rapidly, both nationally and in the region. Uber and Lyft began serving the region in 2015, and in 2017 they provided over ten million rides in the City of Portland. People in other areas of the region regularly use ride-hailing services for weekend trips and trips to the airport. Uber and Lyft currently dominate the U.S. ride-hailing market, but several other companies are poised to begin operating ride-hailing services in the near future.

Ride-hailing has the potential to expand transportation choices in suburban areas, complement transit service, increase carpooling by offering shared trips, and reduce vehicle miles traveled and car ownership. However, most of the available evidence finds that in practice, ride-hailing services are making the transportation system more inequitable, less safe, and more congested. Ride-hailing services increase vehicle travel¹ and compete with public transportation because they tend to focus on serving areas that are congested and already enjoy a variety of transportation choices.² People of color face longer wait times and increased likelihood of cancelled rides, and few ride-hailing vehicles are accessible to people with disabilities. Drivers, who are often people with low incomes, do not receive benefits and have recently been subject to significant wage cuts. Companies have not shared data on driver safety, but it is increasingly clear that by adding more cars to the road ride-hailing increases collisions,³ and that companies do not always enforce their own safety policies.⁴

¹ The most comprehensive study to date of the impacts of ride-hailing found that it likely increases VMT. R. Clewlow and G. Mishra, Disruptive Transportation: The Adoption, Utilization, and Impacts of Ride-Hailing in the United States, University of California, Davis Institute of Transportation Studies, October 2017. http://usa.streetsblog.org/wp-content/uploads/sites/5/2017/10/2017_UCD-ITS-RR-17-07.pdf

² Depending on the city studied, 47 to 61 percent of ride-hailing trips would have otherwise been made by transit, carpooling, bicycling, or walking – or not made at all – whereas between seven and 39 percent of trips would have been made by driving. S. Shaheen, Keynote address, University of Oregon Urbanism Next conference, Portland, OR, March 5, 2018.

³ J. Barrios, et. al., The Cost of Convenience: Ridesharing and Traffic Fatalities. University of Chicago Stigler Center for the Study of the Economy and the State, October 2018. <https://research.chicagobooth.edu/-/media/research/stigler/pdfs/workingpapers/27thecostofconvenience.pdf?la=en&hash=A15B1513F98D7A17B9E37F78DD2EBDC4C6338BFA>

⁴ For example, in 2017 the California Public Utilities Commission found over 150 instances in the course of a single year where Uber failed to follow up on drunken-driving complaints in spite of its zero-tolerance policy for impaired driving. Reuters, Uber may face \$1 million fine over California drunken-driving complaints, CNBC, April 13

Local governments traditionally have the authority to address these concerns by regulating ride-hailing and other for-hire transportation services. They also have the necessary capacity and experience, since the majority of ride-hailing trips serve large cities. In our region, the City of Portland and the Port of Portland regulate ride-hailing services within their jurisdictions. Both require companies to conduct background checks on drivers, require that vehicles meet safety requirements, and report traffic violations by drivers. The City of Portland also collects a fee on each ride that goes toward providing wheelchair-accessible service and has a zero-tolerance discrimination policy. The Regional Transportation Plan calls on Metro and its partners to develop regionally consistent policies for ride-hailing.

Ride-hailing companies have consistently sought to avoid local oversight. For example, in 2014 Uber developed software that prevented code enforcement officers from hailing rides in cities where they were operating illegally, including Portland, which had not yet issued permission for Uber to begin service. More recently, ride-hailing companies have turned to state legislation to pre-empt local regulations. Oregon is currently one of the only U.S. states without statewide ride-hailing regulation. All state ride-hailing laws pre-empt at least some local regulatory authority, with a few exemptions for major cities with pre-existing regulations. The representative of one of the ride-hailing companies serving on the Oregon Automated Vehicle Task Force has already announced the industry's intent to advocate for pre-emptive state ride-hailing legislation in Oregon during the 2019 session.⁵ (Ride-hailing companies are likely to be among the first to deploy AVs.)

RECOMMENDATION: Oppose legislation that pre-empts local authority to regulate ride-hailing services.

It makes sense for the state to regulate certain aspects of ride-hailing services, such as basic requirements for vehicles (e.g., safety equipment, vehicle identification) or drivers (e.g., eligibility, background checks, insurance requirements, non-discrimination). However, any state legislation should maintain local authority to adopt additional regulations including but not limited to service equity requirements, minimum wages, and safety requirements, and to charge fees to manage congestion or cover administrative costs. Ride-hailing services are concentrated in major cities, and local governments are in a better position to respond to riders' and drivers' concerns. Local governments should also have access to data on ride-hailing trips within their jurisdictions at a sufficient level of detail to support enforcement of regulations. One example of a non-preemptive approach to state ride-hailing legislation comes from Washington State, which sets insurance requirements for ride-hailing at the state level but leaves other aspects of regulation up to local jurisdictions.

2017, <https://www.cnbc.com/2017/04/13/uber-may-face-1-million-dollar-fine-over-california-drunken-driving-complaints.html>

⁵ See Uber's comment letter in Appendix B (p. 35 of the digital PDF): <https://www.oregon.gov/ODOT/Get-Involved/Documents/AVTF-2018-report-final.pdf>

LEGISLATIVE HISTORY: House Bill 3246, which would have established state oversight of ride-hailing services and pre-empted local regulation of these services, was introduced but not adopted during the 2017 session. The industry is expected to pursue similar legislation in 2019.

OTHER INTERESTED PARTIES: Metro's public agency partners the City of Portland and Port of Portland have ride-hailing regulations in place that could be overturned by pre-emptive statewide laws. More broadly, the League of Cities, labor groups, and advocates for communities of color, and drivers opposed HB 3246 in 2017, while industry, anti-drunk driving advocates, and residents of areas where ride-hailing service was then unavailable supported it.

IMPACT IF PROPOSED ACTION OCCURS: Metro and its public agency partners maintain authority to collect data from companies on how ride-hailing is impacting congestion, emissions, safety, and the economy in the Portland region, and to regulate ride-hailing services in a way that supports our regional goals and creates consistency across jurisdictions..