

Uber vs. Taxi Cabs - Is Statewide Preemption of Local Laws a Good Idea?

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This week, Sen. Kathleen Vinehout writes about a bill pending in committee that would preempt local control of computer app-driven ride share Transportation Network Companies (TNCs). Companies like 'Uber', a San Francisco based company that provides services in Wisconsin, are behind the bill to prohibit local governments from setting rules related to TNCs.

MADISON - Could a ride-sharing company known as Uber be in your future? Testimony from company lobbyists suggests we may soon see the San Francisco based app-driven ride-sharing company in rural Wisconsin.

That is if state lawmakers pass new legislation to stop/preempt locals from regulating the ride-share drivers.

Uber is a multinational computer app-driven company that matches riders with drivers. The website Business Insider calculated late in 2014 that Uber experienced staggering growth of 369% for the year December 2012 to 2013 and the company could generate upwards of \$10 billion annually.

In a recent public hearing my colleagues and I heard testimony on a bill to create statewide standards for the new computer app-driven ride-share "transportation network companies" (TNCs).

Proponents said the bipartisan bill would, “avoid a patchwork of laws across the state” and “set standards [for ride-share companies] to operate across municipal borders.” A bill author testified, “As technology evolves and new products enter the market we need to do our best to allow innovations to thrive.”

The bill would require background checks, set insurance and other requirements including a \$5,000 fee paid to the state. Violators of the law would be subject to a \$1,000 fine. The bill would prohibit local government from setting rules related to the TNCs.

Proponents of the bill argued that drivers sometimes traveled through four municipalities to take a rider to a destination – like an airport. Under current law the driver must obtain permits from all four municipalities.

When I asked about setting up regional transportation agreements, especially in heavily populated areas like Madison or Milwaukee, the answer was ‘We want a statewide preemption’. At least in theory, this would encourage TNCs to set up in places like Hudson or Whitehall.

Rate setting is done by the “app” (read computer algorithm). In times of peak demand the app would calculate the demand and supply and raise the price. In one case we heard of a driver charging \$480 to take a rider home from a rock concert across town. Uber supporters made it clear “you will know the price before you get into the car.”

When I asked why we needed the law and why the current system wasn’t working, the answer was akin to asking why we need tractors instead of horse-drawn plows: “Uber is a new technology company. It’s a different framework. Taxis are owned by a company and drivers work different shifts. [Uber drivers] are part-time drivers that use their own cars. People who can provide rides should be able to do so. Regulations make it harder to be a driver but don’t provide any safety... [Local rules are] burdensome road blocks.”

Assuring safety and consistent access to services were recurrent themes from those who supported local regulations; many of them were current or former taxi drivers or owners.

Christina Ballard is a cab driver and runs an organization focused on driver safety. She testified that municipalities have taxi regulations to protect consumers. Taxi drivers post rates regulated by local laws. Vehicles are inspected; drivers are trained, and assist those with health or mobility needs as part of their job. Besides, cab companies soon will or do use apps to match up drivers and riders.

For taxi companies, the bill created an “un-level playing field” favoring ride-share companies. Cab owners testified a statewide law would drive them out of business, and leave the elderly and disabled without transportation. Owners said taxi companies are run locally, handle complaints locally, and review accidents to prevent future problems. Uber, headquartered in San Francisco, operates across the globe and has had many violations circumventing local laws and unscrupulous drivers who pick and choose riders and times to work.

Will services soon coming to rural areas? Ms. Ballard believes it is unlikely. “If it was profitable for them to operate in smaller communities, they would already be there...Many smaller communities have poor cell service. TNCs require a smart phone to receive services and a bank issued credit card. Many folks in rural areas don’t have access to these items, making it discriminatory.”

Let me know what you think. Should the state preempt local laws related to app-driven ride sharing companies?

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