

## 2016 BUDGET PROPOSAL

### **STRENGTHENING TAXI AND RIDESHARE SERVICE IN CHICAGO**

Building on recent efforts to legalize the rideshare industry in Chicago and modernize the City's taxi fleet, Mayor Emanuel's 2016 budget includes new reforms that further strengthen the industry, create more transit options for residents, and level the playing field for various public passenger vehicle types while providing \$60 million in 2016—an increase of \$48 million from 2015—to further reduce the City's structural deficit. The rideshare industry will be responsible for more than 80 percent of the additional revenue.

**Establish trip fees for rideshares and taxis.** The Mayor's budget creates a 50 cents per trip fee for rideshare trips – up from the current 30 cents per trip – and a 50 cents per trip fee for taxi rides. The ride share fee will be tied to surge pricing so that any surge event will result in an equivalent increase in the fee. Proposed by City Council Finance Chair Ed Burke, Transportation Committee Chairman Anthony Beale and widely supported by aldermen during budget meetings, the fee will help level the playing fields between the two public passenger vehicle options. Forty cents of the fee will go the City and is anticipated to produce more than \$25 million in 2016, with more than 70 percent of that coming from the rideshare industry. The remaining ten cents of the fee will support the expansion of wheelchair accessible taxis and is expected to produce more than \$5 million in 2016.

**Permit rideshares to pick up at airports.** Currently rideshare companies are allowed to drop off—but not pick up—passengers at Chicago's O'Hare and Midway airports, leaving every rideshare vehicle empty upon its departure. The City will permit rideshares to pick up passengers at the airports and require them to pay a higher fee to pick up and drop off than currently paid by taxis. Rideshare vehicles will be required to pay a \$5 surcharge in order to pick up and drop off at the airports, McCormick Place, and Navy Pier. With this new fee, rideshare vehicles will pay more than double the fee paid by taxi drivers to access airports. This provision is expected to produce more than \$30 million in revenue in 2016.

**Increase accessible taxis by a factor of six.** To ensure that no resident is left behind as transit options expand, the City will require that the number of wheelchair accessible taxis reach 1,000 by 2022 – a six-fold increase from the current fleet. The number of required accessible taxis would continue to increase in the years that follow and reach 2,000 by 2030. The City will subsidize this expansion through a 10 cent per trip fee on both rideshare and taxi trips – this fee is a portion of the overall 50 cent fee. The expansion will begin this fall when the City launches an incentive program to encourage taxi owners to bring online 100 new wheelchair accessible taxis by the end of 2016.

**Strengthen incentives for trips to underserved areas.** Residents in every neighborhood deserve to have more transit options, which is why the Emanuel Administration will offer rideshares and taxis a 50 percent credit for pickups and drop offs in underserved areas. The credit will be available in neighborhoods that the City has identified as suffering from a lack of transit options. Rideshare companies and taxi drivers will be able to seek the credit on up to 15% of their total trips.

**Boost taxi driver income by increasing fares.** Building upon requests from taxi drivers who have not seen a rate increase in ten years, the City will implement a 15 percent fare increase on taxi rides to help put more money into the pockets of taxi drivers. Drivers can expect a net yearly income increase of \$4,000 - \$10,000. Passengers will see taxi fares that remain lower than fares in other large cities, including New York, San Francisco, Los Angeles, and Washington, D.C.

**Improve the airport process for taxi drivers.** The City will work with the MPEA to allow drivers to collect the \$4 MPEA fee upon pickup. This change will address the fact that drivers are losing money

under the current system which requires them to buy \$4 stamps to access the airports and allows them to recover this cost by charging passengers a \$2 fee on pickups and drop offs. Drivers view this system as costly because most drivers head to the airports without a passenger and therefore cannot recover the cost of half of the stamp.

**Strengthen the market for taxi medallions.** The City will temporarily reduce the medallion transfer tax to lower the financial burden when transferring this asset. This change will provide support to existing medallion owners who are seeking to sell their holdings and offer added incentive to potential buyers who are looking to enter the market. Combined, this will promote a stronger, more active taxi medallion market in Chicago.

**Reduce driver credit card fees and require that ad revenue be shared with drivers.** To fully implement the Mayor's Taxi Driver Fairness Ordinance of 2014, the City will issue regulations that reduce the driver's share of credit card fees from 5 percent to 3 percent and require taxi companies to split advertising revenue with drivers.

### **BACKGROUND: THE EMANUEL RECORD ON TAXI AND RIDESHARE REFORM**

Over the past four years, Mayor Emanuel has made reforms to improve the quality of taxi service and expand access to safe new transit options for residents.

**Modernizing the taxi fleet with efficient vehicles.** The City's 2012 taxi reform ordinance improved the quality of taxi service in Chicago. Changes to vehicle age limits created incentives for the taxi industry to invest in more fuel efficient vehicles: today approximately 80 percent of taxis are fuel efficient, up from 11 percent in 2011, the year before the taxi reform ordinance went into effect.

**Nearly doubling the number of accessible taxis.** Mayor Emanuel's taxi reform ordinance nearly doubled the number of accessible taxis, raising the number from 91 in 2010 to 163 this year.

**Ensuring legalized rideshare is a safe, reliable part of Chicago's transportation fleet.** Under Mayor Emanuel, Chicago was one of the first cities to regulate the rideshare industry to ensure the safety of residents while allowing for innovative new transit options. The City's rideshare ordinance created a new license that requires background checks, insurance, vehicle inspections, and driver training.