

# TOLLING & TAXI STRATEGIES FOR CITIES

By Lewis Lehe

## ABOUT ME

- 2012. MA Transport Economics, U. Leeds (U.K.)
- 2013 MS Civil Eng., UC Berkeley
- 2016. Ph.D. Civil Eng., UC Berkeley
- 2017-10/2018. Programmer
- 10/2018. Assistant Professor Civil Eng., UIUC
- Research topics:
  - transportation economics
  - downtown traffic



## TOPIC

- Many states levy special taxes on Uber, Lyft and other Transportation Network Companies (TNC's)
- The topic here is *taxes and fees specifically to deal with transportation issues*
- Main transportation issues are:
  - Competition with taxis/transit
  - Congestion
  - Transit funding

L.A. NOW LOCAL

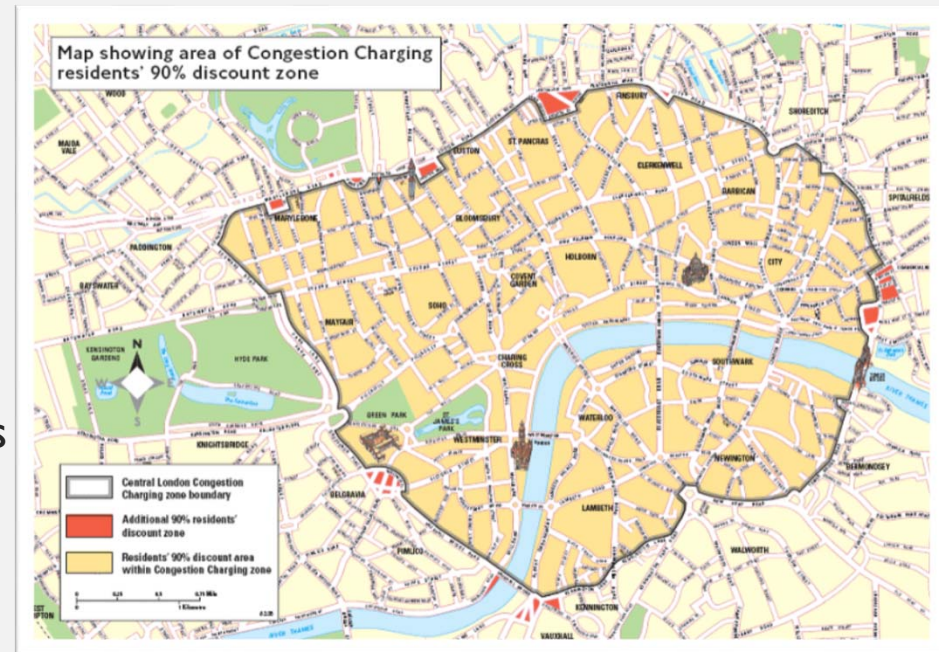
Taxing Uber and Lyft rides is L.A. County's latest idea to free up congested roads

## DIMENSIONS OF TAX/TOLL DESIGNS

- Tax basis:
  - Ad valorem (% of fares)
  - Specialty tax (per unit)
  - Use tax (per mile/per minute)
  - Boundary crossing
- Geography:
  - Tax citywide (most places)
  - Tax only in certain areas (NYC)
  - Tax only for specific destinations (Chicago)

# LONDON

- 2003. London Congested Charge adopted. £5 charge on most car trips into central London to beat congestion
- Today £11.5 (\$15)
- Money devoted to bus service/walkability
- Taxis and “minicabs” (for-hire vehicles) exempted
- 2012. Uber launches in London. Ubers are considered minicabs.
- 2014-present: flood of Ubers creates congestion
- Dec. 2018 decided to start charging minicabs



# SAN FRANCISCO

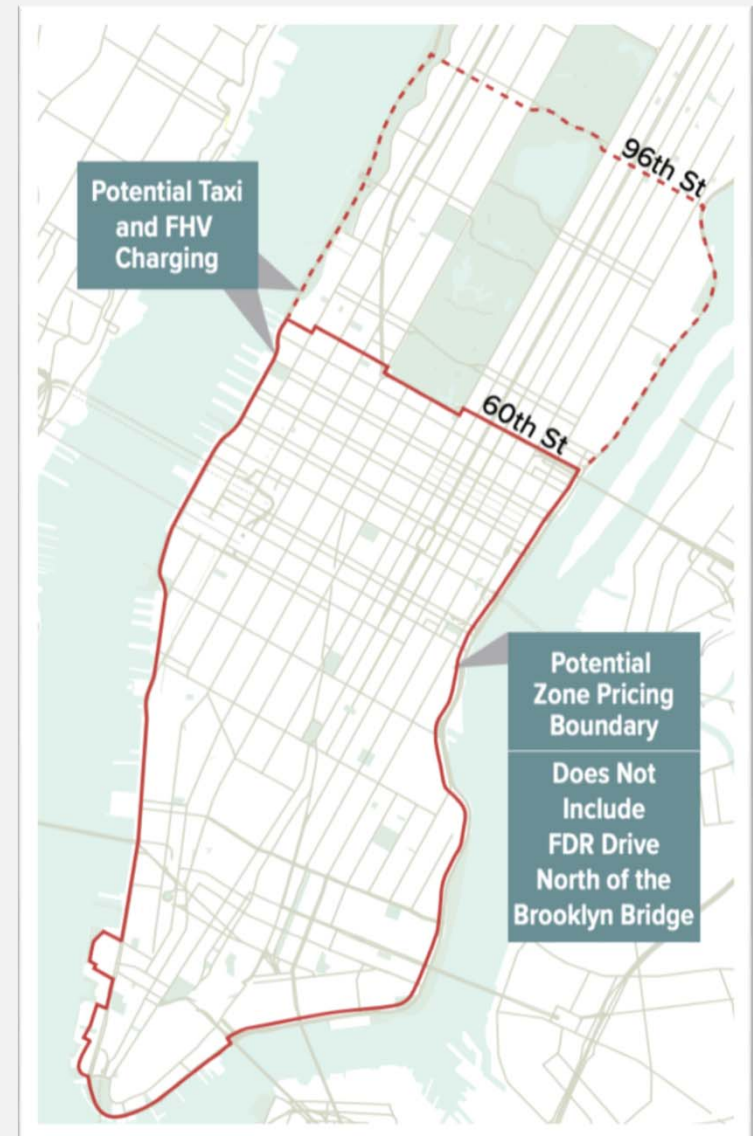
- Early 2018, Supervisor Aaron Peskin proposes a **gross receipts tax** on TNC's
- July 2018 negotiations b/w Peskin, Lyft and Uber produce **net fares tax (ad valore)**
- 3.25% of fares *net of tolls and tips* on personal rides, 1.5% for shared rides
- August 2018. California passes legislation permitting the net fares tax.
- Expected to raise \$30 million per year at first.
- Money devoted to transit/cycle projects





# NEW YORK CITY

- February 2019. NYC launches *specific* tax on TNC and taxi rides south of 96<sup>th</sup> street Manhattan
- Tax is called “congestion surcharge.” It is *in addition* to sales taxes and other fees already in place
  - E.g., 2.5% payment to “Black Cab Fund”
- \$2.50 per personal **taxi** ride
- \$2.75 per personal **TNC** ride
- \$0.75 per passenger on shared TNC rides
- Money goes to subway repairs
- Estimated about \$400 million per year
- Prelude to more general congestion pricing



# CHICAGO

- 2014. Chicago adds \$0.20 **specific** tax on TNC rides
- 2015. \$5 **specific** tax on pickups/drop-offs at airports, Navy Pier and convention center
- Tax originally goes (mainly) to general budget...about \$72 million in 2017
- 2019. Tax has been raised several times to \$0.72
- \$0.20 per ride goes to CTA. Expects \$30 million in 2019





# SÃO PAULO

- 2016. Sao Paulo implements complicated credit system that works out to about \$.04 *per km*
- Not intended to raise much revenue, more about funding the regulatory apparatus ( about \$11 million ?)
- TNC's must share lots of data with Sao Paulo government transportation authorities

