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**BEFORE THE CONSUMER
AFFAIRS COMMITTEE**

Public hearing on
Transportation network companies
October 9, 2014

Date: October 2, 2014

RE: Written Comments

Dear Committee Chair,
Rep. Robert W. Godshall
Rep. Peter J. Daley

Good morning everyone, my name is James Walker. I would first like to thank the committee for allowing me to present written comments on this imperative issue that is now before the House Consumer Affairs Committee. Please forgive us for we are not able to make this hearing in person. I want to begin my comments with a brief history of our background in the taxicab industry;

I have been an organizer, Lobbyist, and spokesperson for the taxi industry in Philadelphia and have worked in this industry for more than 30 years. I presently work as a manager for Simon Abitbol, a major fleet owner, taxicab insurance broker, medallion finance broker, and owner of PHL Taxi, LLC.(radio dispatch), all certified by the Philadelphia Parking Authority, taxicab and limousine division. I have been with Simon since he came to Philadelphia in 1999. Simon Abitbol has also been in the transportation business for more than 30 years in New York and

here in Philadelphia. We are hoping to show that there is no need for further legislation for common carriers in Philadelphia or surrounding counties.

We have seen many changes and have faced many obstacles threatening the future of the taxicab business. However, this has been the most extreme. Never in my many years have we seen any startup companies with ideas of tapping into the taxicab market be so aggressive with such disregard and contempt for rules that govern our industry. These companies have and still totally ignore warnings and enforcement of the regulations and legislation set forth by this state.

It is easy to understand why these companies are trying to circumvent the regulators and the present regulations by lobbying members of the house and senate to introduce bills in order to evade present regulations and legislation that don't coincide with their business model. It would almost be impossible for them to continue under their present business model if they had to follow the same rules as everyone else in the transportation industry.

What is alarming is the fact that after total defiance of the Authorities outside of Philadelphia these companies have made the Public Utility Commission create a category in the regulations that they don't even agree with, an emergency order to continue illegal operations (what's the emergency?), and have managed to get six (6) bills drafted (2 in the senate – 4 in the house), and to have one of the bills (HB 2468) put on the agenda in committee for vote (thanks GOD it was put off). This is unheard of in this industry.

Taylor Bennett, a spokesman for Uber, said Thursday "Current regulations have failed to catch up to a 21st-century economy," he said, "which is why we call on the state legislature to take matters into their own hands and bring ride-sharing to the commonwealth." (Philly.com) these companies are not in the taxicab or limo business and do not fit the common carrier category, at best they are a dispatch company. Are they offering some special type of vehicles? Are they using energy efficient or green vehicles? Are there some new 21st century high tech computer system or smart car that makes the ride safer? NO! It is **ONLY AN APP**.

“They are not ride-sharing companies as defined in the regulations”.

These companies have gotten much of their traction from the protest of the taxicab industry across the nation by allowing them a platform for their APP through the media. Free advertisement! These companies have developed an APP and have convinced members of the House, Senate, and the public that this is new technology and that it is the greatest new thing since sliced bread. This is totally untrue; there is an APP for everything today. But, it's only an APP. UberX, Razor, Lyft or any of these companies own, drive, or manages any vehicles or drivers.

Unlike the taxicab and/or limousine these TNCs do not have of a clue of who is behind the wheel of a vehicle at any given time. Even with these proposed bills and its effort to make it safer for the public it is not. With the business model of these companies there is no way the consumer knows who picking them up. In a taxicab and/or limousine you can be 99% sure that the driver is a certified driver and he/she is picking you up in a registered and certified vehicle.

Just as an example:

It is our understand that through the APP, the passenger can identify the driver because someone gave them a high rating (could be Uber) or they send a photo of driver along with his name and vehicle information. This is absurd, I've been in this business for more than 30 years and I can tell you the only thing the passenger sees his the back of the drivers head.

The assigned driver gets a job through the iPhone from UberX/Lyft and it's a good job (\$100.00 or more) he is in the middle of diner with his/her family or he just doesn't want to miss the rest of the football game, so he calls his next door neighbor and ask if he wants to make a couple extra dollars (the same as these companies do) the neighbor says yes and the assigned drivers gives his neighbor the job. How does the client/customer know who's really picking him up, and how well does the assigned driver really know his/her neighbor.

All of these rides that these companies have brokered are credit card transactions and they get 20% of the take without the approval of the state. These rides have been charged to the consumer in the way of surge pricing. Who allowed them to do this? On Monday it's one price and on Friday night it's another. I can imagine some of the people who have used this service are stunned when they see their bill

at the end of the month. Think about it 20% of each fare charged to the customer, what if taxicabs and limousines could do that.

This whole thing has gotten out of hand putting the taxi industry in a dangerous position with lenders who have taken the risk of financing medallion taxicabs. The taxicab industry pays millions of dollars to the authorities in assessments and fines each year. In Philadelphia the budget for the FY 2014- FY 2015 is \$7,500,000.00 (Seven million five hundred thousand DOLLARS).

When there are reports of these companies creating jobs, that's hog wash; "it's illegal", drug dealers employ people too if that's the case. The Limousine and Taxicab industry are always looking for drivers. There are thousands of men/women out there who use and have used this industry has a starting point in their working career. And we would love to have them.

We could go on and on with questions and what ifs, like;

- ❖ Who's going to insure these vehicles at a premium affordable to the private person who is using his vehicle for commercial use?
- ❖ How will the PUC identify the drivers and the vehicles being used to transport the public?
- ❖ What is PennDot going to do about registering these commercial/private vehicles?
- ❖ How will PUC enforce new legislation and regulations?

Or questions like:

- ❖ Is there a real need to put more vehicles on the road?
- ❖ What mechanisms will be put in place to establish a fair rate?
- ❖ How do you set rates that are not in direct conflict with taxicab rates?
- ❖ What will be the geographical territory for the service?
- ❖ How do you identify these TNCs from the other transportation providers?

There are many questions, but the real question is why are we doing this? And what is the rush? Why is it an emergency? People are still getting to where they need to go and will continue to be able to do so.

Could the taxi industry do a better job servicing the public? I'm sure we can, that's the issue at hand and the question that should be asked. "How can we make our regulated taxicab industry better? I concur with the public about getting a taxicab in some areas of the city or at certain times of the day. For the most part taxicab drivers mostly operate in the business district of most major cities where the people are. But just to allow people to run around in their private cars picking up people and giving these companies 20% of each fare because you push an APP on your phone instead of making a phone call to a dispatch company is just crazy. It doesn't make sense.

Please understand there are lots of people who have enough money to put a thousand vehicles on the road however, because of their experience in this business it's not business smart or fair to do so. They could put more vehicles on the road (at least outside of Philadelphia) and collect a lease from each driver without any problems while still following protocol, but where is the work going to come from. Yeah Friday and Saturday night all is well but come Monday thru Thursday we are back where we started from.

These people really don't know this business or do they care as long as they get 20%, why should they? If anyone has done any research you could see complaints are already coming in about the income that is supposed to be generated with Uber in Philadelphia. The same thing will begin happening with people using their private vehicles putting more and more miles on them and the cost of repairs and the risk of more accidents.

It is easy to think or even common place for the public to feel that our industry (Nationwide) resist and/or oppose new companies looking to make their mark in the taxicab industry, and they could be right, this is a tough industry. However, there is legitimate reasoning for the concern of more companies entering the market, especially in the counties surrounding Philadelphia and I'm sure in other counties outside Pittsburgh.

Taxicab drivers have been putting their lives on the line for years to earn an honest living and to provide service to the city and counties. It is not fair that legislators in both houses would create legislation that would drastically affect the livelihood of so many hard working citizens. Especially when these companies show such

disregard for the present laws that govern this industry (see recommendation of the PUC ALJs on this matter @ docket No. A-2014-2415045 & A-2014-2416127 & A-2014-2433430).

Even look at the many issues dealing with companies in reference to their drivers and the public. To many law suits have been filed against these companies, along with the many criminal cases that refer to assaults going as far as allegations of rape against Uber drives. We really need to take a hard look at we could be creating, and think do we really want to bring this to Pennsylvania.

We strongly urge our legislation not to pass this/these bill that will with good intentions create a category for these companies that will affect so many people and cause chaos with in the transportation industry. If Uber, Lyft, sidecar or any of these want to come into the business we have no problem that just let them go through the process like everyone else.

In Earnest

Simon Abitbol

James Walker

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