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HOUSE OF REPRESENTATIVES

CONSUMER AFFAIRS COMMITTEE
PUBLIC HEARING

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THURSDAY, JUNE 7, 2018
9:33 A.M.

PRESENTATION ON
ACT 164 OF 2016
AUTHORIZING TRANSPORTATION NETWORK COMPANIES TO OPERATE
STATEWIDE, SUBJECT TO REGULATION BY THE PA PUBLIC UTILITY
COMMISSION AND THE PHILADELPHIA PARKING AUTHORITY

BEFORE:

HONORABLE ROBERT GODSHALL, MAJORITY CHAIRMAN
HONORABLE ALEXANDER CHARLTON
HONORABLE THOMAS QUIGLEY
HONORABLE MARTINA WHITE
HONORABLE THOMAS CALTAGIRONE, DEMOCRATIC CHAIRMAN
HONORABLE FRANK BURNS
HONORABLE ED NEILSON

* * * * *

Pennsylvania House of Representatives
Commonwealth of Pennsylvania

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I N D E X

TESTIFIERS

* * *

<u>NAME</u>	<u>PAGE</u>
SAMI NAIM SENIOR PUBLIC POLICY MANAGER, LYFT.....	5
SHARI SHAPIRO SENIOR MANAGER, PUBLIC AFFAIRS FOR PENNSYLVANIA, UBER.....	8
GLADYS BROWN CHAIRMAN, PA PUBLIC UTILITY COMMISSION.....	28
ACCOMPANIED BY: JOHN HERZOG DEPUTY CHIEF COUNSEL	
SCOTT PETRI EXECUTIVE DIRECTOR, PHILADELPHIA PARKING AUTHORITY.....	32
ACCOMPANIED BY: CHRISTINE KIRLIN, ESQ. PPA ADMINISTRATIVE COUNSEL CORINNE O'CONNOR PPA DEPUTY DIRECTOR	
STEVE RHOADES PRESIDENT, PHILADELPHIA REGIONAL LIMOUSINE ASSOCIATION.....	73
ANTHONY VISCUSI PRESIDENT, GLOBAL LIMOUSINE.....	74
JORDAN SANDS PRESIDENT, HOLLOWSANDS LUXURY LIMOUSINE.....	74
ANTHONY ONORATA PRESIDENT, ANTHONY LIMOUSINE.....	77

I N D E X

TESTIFIERS
(cont'd)

* * *

<u>NAME</u>	<u>PAGE</u>
MICHAEL BARRETO EAGLE CHAUFFEURED SERVICES.....	79
EVERETT ABITBOL 215 GET A CAB, ON BEHALF OF PA TAXI ASSOCIATION.....	91

SUBMITTED WRITTEN TESTIMONY

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(See submitted written testimony and handouts online.)

1 P R O C E E D I N G S

2 * * *

3 MAJORITY CHAIRMAN GODSHALL: Good morning. The
4 hour of 9:30 a.m. having arrived, I'd like to call the
5 meeting to order.

6 Today's hearing will focus on the implementation
7 of Act 164 of 2016. Act 164 authorized statewide operation
8 of transportation network companies, TNCs, subject to
9 regulatory oversight by the PUC and the Philadelphia
10 Parking Authority. I'd like to offer Chairman Caltagirone
11 an opportunity to make any comments.

12 No comments, we're going to get right into the
13 hearing. And, first of all, I'd like to call the TNCs,
14 Sami Naim, Senior Public Policy Manager from Lyft; Shari
15 Shapiro, Senior Manager of Public Affairs for Pennsylvania
16 Uber to the table. You may start when you're ready.

17 MR. NAIM: Good morning. Chair Godshall,
18 Minority Chair Caltagirone, Members of the Consumer Affairs
19 Committee --

20 MAJORITY CHAIRMAN GODSHALL: Can you scoot right
21 into the microphone, please?

22 MR. NAIM: Sure.

23 FEMALE SPEAKER: Oh, it might not be on. Push
24 the --

25 MR. NAIM: Is it green? Is this on? Yes, there

1 you go. Good morning. Chair Godshall, Minority Chair
2 Caltagirone, Members of the Consumer Affairs Committee,
3 thank you for allowing me to testify today on Act 164. My
4 name is Sami Naim, Senior Public Policy Manager for Lyft,
5 and I'm here to issue a positive report for Act 164.

6 I want to thank Chair Godshall for his leadership
7 on this issue. After nearly four years of negotiation
8 between lawmakers and stakeholders, it was Chair Godshall
9 who helped secure a unanimous vote in the House to permit
10 transportation network companies like Lyft to operate
11 legally throughout the Commonwealth of Pennsylvania.

12 Like any significant piece of legislation, Act
13 164 represents a reasonable compromise. Not everybody got
14 everything they wanted. Numerous concessions to ensure
15 this legislation would be acceptable for all parties.
16 Nevertheless, we have a strong law in place, including
17 provisions such as multistate, multijurisdictional criminal
18 background checks for drivers; a vehicle inspection regime
19 that is one of the most rigorous in the country; insurance
20 policies that cover each and every stage of TNC operations;
21 audit provisions that allow regulators to hold companies
22 accountable; safeguards for passengers who are blind,
23 visually impaired, deaf, or hard-of-hearing, as well as an
24 industry commitment to provide wheelchair-accessible
25 vehicles in Philadelphia; and a revenue stream for our

1 regulators, the School District of Philadelphia for trips
2 inside the city, and Delaware County for airport trips.

3 And I am happy to report that the law has been
4 working well. Regulatory stability has yielded results,
5 just three in particular. One, our full-time staff has
6 increased 600 percent. We have expanded our Philadelphia
7 staff and are now looking for office space to accept our
8 growing team. In addition, we now have a dedicated Market
9 Manager for Pittsburgh, and we'll have further
10 announcements about our growth and expansion in
11 Pennsylvania later this year.

12 Two, our trip volume has increased 300 percent.
13 Since the TNC law was enacted, we have dramatically
14 increased our coverage here in Pennsylvania from roughly
15 under one-third of the State to now the entire State. That
16 means more trips in more places, and more trips means less
17 DUIs. In fact, studies have shown that TNCs like Lyft help
18 reduce incidents of DUIs by up to 51 percent.

19 And three, our passengers have contributed over
20 \$65 million to the local economy. We did a recent survey
21 and found out in Philadelphia that's \$51 million; in
22 Pittsburgh, that's about \$16 million, and that's not
23 including the driver earnings our drivers earn throughout
24 the State. And that's supplemental income they use for
25 rent, groceries, medical bills, or just for discretionary

1 income.

2 So I want to thank Chair Godshall again for his
3 leadership on this issue, to the House Committee on
4 Consumer Affairs for really pushing forward this important
5 piece of legislation, and I'm happy to answer any questions
6 you may have.

7 MAJORITY CHAIRMAN GODSHALL: We'll hold the
8 questions till the end after testimony is finished.

9 MS. SHAPIRO: Good morning, Chairmen and
10 Committee. My name is Shari Shapiro, and I'm the head of
11 Public Affairs for Uber for Pennsylvania and Delaware. I
12 also am happy to report that Act 164 is working well for
13 Uber, our drivers, and our riders.

14 Let me begin with some statistics. Over 1.5
15 million Pennsylvanians have used Uber to get where they
16 want to go in just the first quarter of 2018. Over 39,000
17 Pennsylvanians are our driver partners and have used Uber
18 to earn money on their own schedule.

19 Our average wait time statewide, all 67 counties,
20 is under six minutes with 90 percent of trips within 20
21 minutes. And in just the past quarter, visitors from 80
22 countries have used Uber to explore Pennsylvania.

23 But the numbers tell only part of the story of
24 Uber in Pennsylvania. James, a driver in Pittsburgh,
25 drives with Uber because of the flexibility and income he

1 earns. His goal is to open his own soul-food restaurant.
2 We have also introduced Uber Eats into many places in
3 Pennsylvania, including Philadelphia, Pittsburgh,
4 Harrisburg, and State College, so we've expanded our
5 business both on the ridesharing side and on the Uber Eats
6 side since Act 164 was passed.

7 Paul, who is a military veteran, drives because
8 he likes to get people home safely when they've been out
9 for the evening because his family was affected by a death
10 from DUI. In addition, Uber has partnered with Mothers
11 Against Drunk Driving in Pennsylvania and worked with the
12 Department of Transportation and the State Police to hold
13 several DUI events around holiday times.

14 Kim, a single mother, loves driving for Uber
15 because it is the only work she can do that is flexible
16 enough to allow her to fulfill her parental duties, as well
17 as earn extra income.

18 We've also invested in the community here. I'm
19 just going to give you two examples in the interest of
20 time. Uber was the official rideshare sponsor of THON,
21 which is the largest student-run charity and is a very
22 valuable asset of Penn State that contributes to cancer
23 research.

24 The other thing that we have done that is really
25 remarkable is that we partnered with the Community College

1 of Allegheny County in Pittsburgh to offer drivers \$500
2 tuition incentives to apply to tuition, books, or fees at
3 the college.

4 Act 164 has been successful from a technical
5 standpoint. Both Uber and our drives are able to comply
6 with the requirements. Since inspections began in March
7 2017, more than 90 percent of Uber-affiliated drivers have
8 passed inspection, and over 400 vehicles have been
9 inspected. We paid over \$4 million in assessments to the
10 Philadelphia Parking Authority and the Public Utility
11 Commission.

12 My written testimony addresses some other issues
13 that have come up with Act 164 and are likely to come up
14 during the hearing itself, and I want to say again how much
15 Pennsylvania has benefited from the work that you've done,
16 Chairman Godshall, over your whole long career and in
17 particular with respect to Act 164. Thank you.

18 MAJORITY CHAIRMAN GODSHALL: Through the State of
19 Pennsylvania, you're regulated under the PUC except for
20 Philadelphia. Is there any difference in the regulation
21 between the parking authority that you are under in
22 Philadelphia and the PUC?

23 MR. NAIM: Yes, there are a number of regulations
24 that are specific to Philadelphia and the PPA. Those were
25 the result of multiple late-night sessions when I think the

1 Chair gave the order that we all sit in a room and come to
2 a reasonable compromise on how things should work in
3 Philadelphia, given the unique nature of the city of the
4 first class and their operations.

5 So, like I mentioned before, numerous concessions
6 were made to, you know, bring this to a conclusion. A
7 couple of the regulations, I believe the assessment is
8 different. I believe the inspection regime is different.
9 But I will say that, you know, we've kind of sat down even
10 after the law with the taxi and limousine division and
11 really worked things out to make sure that this is a smooth
12 operation from both ends.

13 MS. SHAPIRO: One of the interesting things from
14 my perspective about the difference between the PUC
15 regulation and the PPA regulation is the way that the
16 assessment is calculated. Every year, the PUC goes through
17 a budgeting process where they determine the costs of
18 regulating TNCs and what the applicable percentage should
19 be. The PPA's fee is set at 1.4 percent in the statute.
20 Neither is necessarily better or worse than the other, but
21 that's a difference in the two structures.

22 MAJORITY CHAIRMAN GODSHALL: Are there any
23 further questions from the members?

24 DEMOCRATIC CHAIRMAN CALTAGIRONE: Yes.

25 MAJORITY CHAIRMAN GODSHALL: Chairman

1 Caltagirone.

2 DEMOCRATIC CHAIRMAN CALTAGIRONE: You state in
3 your testimony that you're proud of the 90 percent of the
4 400 vehicles, that --

5 MS. SHAPIRO: I'm sorry, I can't hear you.

6 DEMOCRATIC CHAIRMAN CALTAGIRONE: Four hundred
7 vehicles passed inspection out of 20,000. What's that all
8 about?

9 MS. SHAPIRO: So the difference between the way
10 that point-to-point transportation has been provided in the
11 past and Uber and Lyft is the direct customer feedback that
12 we get and the drivers get. Every ride is rated on a five-
13 star rating system, and if drivers fall below a rating --
14 and that can be based on vehicle, attitude, you know,
15 driving experience, safety, or whatever, they are dropped
16 from the platform, and they are dropped immediately.

17 DEMOCRATIC CHAIRMAN CALTAGIRONE: So you're
18 saying that all of your vehicles are totally inspected and
19 meet compliance with --

20 MS. SHAPIRO: No, I don't think --

21 DEMOCRATIC CHAIRMAN CALTAGIRONE: -- safety?

22 MS. SHAPIRO: So with respect to all of the
23 vehicles being compliant, all of the vehicles are
24 registered, inspected, et cetera, pursuant to the law, and
25 we collect those inspection certificates, et cetera.

1 DEMOCRATIC CHAIRMAN CALTAGIRONE: Well, we've
2 seen some pretty drastic pictures about some of the
3 vehicles that are in operation that probably shouldn't even
4 be on the road, just to share that with you.

5 In Philadelphia, can I make a complaint about
6 UBER TNC to the Philadelphia Parking Authority? And how
7 would I do that?

8 MS. SHAPIRO: I'm really sorry. I can't hear
9 you. I'm hearing --

10 DEMOCRATIC CHAIRMAN CALTAGIRONE: Making a
11 complaint --

12 MS. SHAPIRO: -- impaired so it would be
13 helpful --

14 DEMOCRATIC CHAIRMAN CALTAGIRONE: That's okay.
15 Making a complaint in Philadelphia, how can I make a
16 complaint about my Uber or TNC ride? Can I make that
17 complaint to the Philadelphia Parking Authority?

18 MS. SHAPIRO: You can make it --

19 DEMOCRATIC CHAIRMAN CALTAGIRONE: And how?

20 MS. SHAPIRO: -- directly to the Philadelphia
21 Parking Authority, and the requirements to do so are on
22 every receipt for Uber. In addition, you can directly
23 provide feedback any issues through our help app on the
24 app, so you can do it both to the Parking Authority, and
25 you have the record of the vehicle, who it was, what the

1 license plate number is, et cetera, so you can make that
2 report to the PPA with full information about the details
3 of the ride.

4 DEMOCRATIC CHAIRMAN CALTAGIRONE: How do we know
5 that TNC vehicles are safe? I'll give you some examples.
6 Pennsylvania has stringent safety inspections, and then
7 there are out-of-State vehicles. We know that Ohio and New
8 Jersey do not have the safety inspections that we have
9 here. Do you know how many vehicles are operating from
10 out-of-State daily in Pennsylvania? Do you have a number?

11 MS. SHAPIRO: I don't have that number with me --

12 DEMOCRATIC CHAIRMAN CALTAGIRONE: Could you
13 provide it to the Committee if you can?

14 MS. SHAPIRO: If I can, if we can, we will go
15 back and see whether that number is available, but here is
16 what I will say. All our vehicles comply with Act 164, and
17 if they do not, that is subject to discontinuation from the
18 platform.

19 DEMOCRATIC CHAIRMAN CALTAGIRONE: At one time,
20 tips were supposedly worked into the driver's compensation
21 of the Uber fare. Now, you can add a tip. Was extra money
22 given to the driver previously? And how much of the fare
23 goes to the driver?

24 MR. NAIM: Yes, just from Lyft perspective, you
25 know, from the earliest days of the platform, we had an in-

1 app tip option, and that was always on top of the fare.
2 All that went directly to the drivers. And I think last
3 year we hit the mark of over \$300 million in tips went
4 straight to the driver's pocket through that app.

5 MS. SHAPIRO: And --

6 DEMOCRATIC CHAIRMAN CALTAGIRONE: Well, you have
7 a \$70 billion business going on here with Uber, correct?

8 MS. SHAPIRO: Excuse me?

9 DEMOCRATIC CHAIRMAN CALTAGIRONE: Seventy-
10 billion-dollar business --

11 MS. SHAPIRO: Yes, I --

12 DEMOCRATIC CHAIRMAN CALTAGIRONE: -- Uber --

13 MS. SHAPIRO: Well, let me put it this way. I
14 don't know whether that's the accurate number, so assuming
15 that that's true.

16 DEMOCRATIC CHAIRMAN CALTAGIRONE: There are
17 70,000 vehicles and drivers on the road in Pennsylvania.
18 The question from some of my Philadelphia friends was
19 should drivers be available most of the time, especially --
20 and I'd like you to explain what is surging and how do you
21 deal with it as a company?

22 MS. SHAPIRO: Well, I welcome that question
23 because surging is a very important part of why TNCs work
24 so effectively for our 1.1 million riders and for the
25 drivers. Surge is not in the ridesharing companies'

1 interest. The goal of surge is to bring more drivers onto
2 the platform in times where there is high demand, so it
3 works almost like a perfect market. When there's higher
4 demand, instead of there just being a cap on the number of
5 vehicles, the additional money that goes -- 75 percent to
6 the drivers -- is increased so that it brings more cars
7 onto the road so that the cost and the surge goes down.
8 That's how surge pricing works, just like on Amazon or
9 airlines except this is designed to bring more capacity to
10 the system as opposed to less.

11 MR. NAIM: Yes, I mean, just building up that, I
12 mean, you could think about after a Flyers game there'll be
13 a lot of folks who had a good time that need a ride, and in
14 order to ensure that that ride is available, we engage in
15 dynamic pricing to make sure that drivers are able to serve
16 them.

17 I would also say that, you know, from the
18 passenger point of view, they are told, hey, it may be more
19 expensive to drive at this time, and then they make the
20 choice of whether or not to maybe wait until the rush goes
21 down or to just, you know, get to where they need to be
22 right away. And the idea, again, is just to provide
23 service, so we both value ETAs. In a couple taps of your
24 phone, you get a ride. Sometimes, that will be more
25 expensive because the supply is not there and so we really

1 need to generate that supply.

2 MS. SHAPIRO: And I'll say one more thing about
3 that. One of the innovations in the Uber app was to
4 provide both the specific upfront fare so the passenger
5 knows ahead of time what the fare is going to be and what
6 the approximate time is for getting to their destination.
7 We've introduced several very much cost-effective products,
8 especially in the Philadelphia area. One is called Express
9 Pool where you can walk a short distance and gather with
10 other riders and have that be a much lower fare. That has
11 enabled us to expand our rider population, particularly
12 from areas of lower income and outside the Central City
13 area. No other form of transportation besides the robust
14 mass transportation system in Philadelphia is able to
15 provide that depth of source.

16 DEMOCRATIC CHAIRMAN CALTAGIRONE: Thank you,
17 Mr. Chairman.

18 MAJORITY CHAIRMAN GODSHALL: Representative
19 Neilson.

20 REPRESENTATIVE NEILSON: Thank you, Mr. Chairman.

21 A couple questions. First is you testified that
22 your passengers contributed \$51 million to the local
23 economy. How do you come up with that kind of number and
24 where are you getting that from?

25 MR. NAIM: So every year, we do an economic

1 impact report. We hire economists to do survey of
2 passengers, drivers, and then the economists have access to
3 all of our data. And so that is in our economic impact
4 report. We also break that down into some of our top
5 markets, so we have a national economic impact report, and
6 we also have one-page studies of the Philadelphia market
7 and the Pittsburgh market. And I'm happy to share the --

8 REPRESENTATIVE NEILSON: Is it your testimony
9 that that money wouldn't have been spent if they would have
10 gotten in a taxicab or one of your cars?

11 MR. NAIM: Yes, so the economic --

12 REPRESENTATIVE NEILSON: I mean, that's what I'm
13 saying. You're specifically claiming that you're doing
14 this, and if they would have gotten in a taxi, a limo, or
15 anybody else, I mean, how are you making that impact --

16 MR. NAIM: Yes, so --

17 REPRESENTATIVE NEILSON: -- as a company? You're
18 claiming you are so --

19 MR. NAIM: Yes. Yes. And economic impact
20 reports, this is what they do to try to isolate the factors
21 to say additional spending. Part of the surveys were, are
22 you going to go out? Would you have not gone out otherwise
23 unless you had access to Lyft? Did you stay out longer?
24 Where did you go? And the stats and the survey results
25 show that people go out more, people go out to more

1 different places, people stay out longer, and in the
2 business community also has kind of provided feedback with
3 us, both Lyft and Uber, saying that the benefit to
4 businesses goes up when TNCs go into a market. You can
5 think about at a bar, for example, people will go out more,
6 not worry about parking, not worry about getting home safe.

7 MS. SHAPIRO: I'd like to address that question
8 from the scope of all of Pennsylvania. It's --

9 MAJORITY CHAIRMAN GODSHALL: Can you talk in the
10 microphone, though?

11 MS. SHAPIRO: Me, too. I'd like to address that
12 from the scope of all of Pennsylvania. I appreciate the
13 economic impact reports that Lyft does, but you can think
14 about it this way. Most of Pennsylvania, prior to TNCs,
15 had very little if any point-to-point transportation. So
16 everyone was using their car and not contributing to the
17 economy either through the fares that are available to
18 drivers or to the additional trips they take by businesses.

19 In addition, from the DUIs that they get, up to
20 \$10,000 and being taken off the road has a very big impact
21 on whether people can get to work, which has a terrible
22 impact on the Pennsylvania economy and their own lives.

23 REPRESENTATIVE NEILSON: Okay. So --

24 MAJORITY CHAIRMAN GODSHALL: There is no question
25 that that's true. Even in Montgomery County right outside

1 of Philadelphia where I live, there's no taxis. You know,
2 there's nothing there. There's a limousine operation maybe
3 two blocks from my office. That's the only thing that's
4 available. I mean, if you have to get someplace, you have
5 to get someplace, and so, you know, what you were saying,
6 in a lot of Pennsylvania, even heavy populated Montgomery
7 County, you know, it's the same situation.

8 MS. SHAPIRO: And further to that, the lower-
9 income college students that may want to go out, they're
10 going to have a very hard time hiring a limousine in the
11 areas outside of the densely populated center cities.

12 MAJORITY CHAIRMAN GODSHALL: All right. Thank
13 you.

14 REPRESENTATIVE NEILSON: Another question,
15 Mr. Chairman, if I may, because we're not here to address
16 how good your companies are. We're here to address a
17 funding issue, and neither one of you addressed that under
18 your testimony because we know the Philadelphia Parking
19 Authority is looking to further enhance -- and I know you
20 have it in your written testimony. I read it, and that's
21 why I was a little surprised that you didn't bring that
22 out. And I think we need to put some of that stuff on the
23 record. And that's why we're not here to do commercials;
24 we're here to do legislation, and you're here to tell us
25 why we should or shouldn't. And that's the input we'd like

1 to hear, me as a Committee Member would love to hear from
2 you.

3 And that's my final question, and I won't ask
4 anymore, but I'd like to hear your opinions on this.

5 MS. SHAPIRO: I appreciate that. There are two
6 concerns that we've heard about Act 164, the primary one
7 being from the Philadelphia Parking Authority, that they
8 have insufficient funding at \$4 million a year to regulate
9 the TNCs. They've advanced a proposal to increase the tax
10 on Uber rides from 1.4 percent, about 14 cents a ride using
11 the average ride in Philadelphia, to 50 cents a ride, a 5X
12 tax increase.

13 REPRESENTATIVE NEILSON: If I can, I want to stop
14 you -- not stop you, but can you elaborate how that is in
15 comparison with what you're paying across the country in
16 other States and all? Is this higher, lower? I mean,
17 where does that fall in place? Because we can say it's
18 five times but you may be paying 20 times that out in
19 California.

20 MS. SHAPIRO: For equivalent markets, this is a
21 significantly higher fee.

22 REPRESENTATIVE NEILSON: Can you supply the
23 Chairman with that information, please --

24 MS. SHAPIRO: I will get back --

25 REPRESENTATIVE NEILSON: -- and give us a little

1 picture of where everybody else is on that?

2 MS. SHAPIRO: But let's focus on the
3 fundamentals. What is required to pay for regulation of
4 TNCs in Philadelphia, and how is the PPA positioned to use
5 Philadelphians' tax money wisely? The PPA is asking for
6 this \$4 million in funds without having addressed any of
7 the financial controls or any of the recommendations of the
8 two audits from 2017. Specifically -- and this is not my
9 opinion -- Pennsylvania Auditor General Eugene DePasquale
10 stated on May 22nd, just a couple weeks ago, "Before the
11 PPA imposes new fees on the citizens of Philadelphia, it
12 should provide a full and thorough accounting for where it
13 stands on implementing the 117 recommendations for
14 improvements made in my audits last December. While the
15 PPA claims the fee will generate additional funds for the
16 city and the School District of Philadelphia, the PPA needs
17 to completely clean up its operations and rebuild some
18 trust with the residents before adding fees."

19 In addition -- and this is back to my commentary
20 -- at the April 2018 board meeting, the PPA reported that
21 its revenues were up 18 percent and it was \$5 million ahead
22 of budget. Before asking Philadelphians to pay more money,
23 we believe that the PPA should pursue the opportunity to be
24 able to spread its funds from all of its operations around
25 where it needs to apply those fees.

1 In addition, the Philadelphia NAACP, the Urban
2 League of Philadelphia, and the African American Chamber of
3 Commerce have also raised the concern that the PPA's
4 proposed 50-cent-to-ride fee could have a huge impact on
5 people of color and for people in areas where ridesharing
6 services have provided one of the only forms of
7 transportation.

8 While the PPA claims that they need more
9 inspectors to adequately regulate the TNCs -- and I've seen
10 the pictures as well -- there have been no issues that they
11 can point to besides those couple of pictures and our 90
12 percent compliance inspection rate that they can have in
13 terms of the current process. And, in addition, I have
14 asked for any customer complaints that they have received
15 about TNCs, and they have reported to me that they've had
16 few if any. And when they contact us with any issues, we
17 have been able to work with them to resolve them, and
18 that's true of the PUC as well.

19 Finally, the current regulatory scheme has only
20 been in place since November 2016, so that's less than two
21 years of information on the cost to regulate us and how the
22 current scheme is working. The proposed budget that they
23 have given us was originally given to us on October 17th,
24 2017 before even one year of information was available for
25 the cost to regulate TNCs.

1 The existing fee sunsets in 2019, and we think
2 that once the audit issues have been addressed,
3 Representative Petri has been in place long enough to be
4 able to figure out what the issues are. And we can all
5 come around the table to talk about what the services
6 issues are if there are any and what the regulatory cost
7 issues are and come to a compromise that works for
8 everybody and gives the PPA what they need as well.

9 MAJORITY CHAIRMAN GODSHALL: Okay. We want to
10 continue on here. Representative White.

11 REPRESENTATIVE WHITE: Thank you, Chairman.

12 First and foremost, I don't appreciate the use of
13 the regulatory scheme terminology. I think it's
14 inappropriate. But I'll get straight to my questions
15 otherwise. I'd like to ask you -- you talk about the
16 audit. Have you ever allowed the PPA to audit your books?

17 MS. SHAPIRO: They have never asked us to audit
18 our books. They have --

19 REPRESENTATIVE WHITE: Would you allow them to
20 audit your books?

21 MS. SHAPIRO: They have full regulatory authority
22 to audit our books if they ask.

23 REPRESENTATIVE WHITE: So you would allow them to
24 regulate -- to audit your books?

25 MS. SHAPIRO: Of course. They have full

1 regulatory authority to do that.

2 REPRESENTATIVE WHITE: Is that the same for your
3 organization?

4 MR. NAIM: Yes, we had our lawyers look at Act
5 164 thoroughly, and our lawyers came to the conclusion that
6 the PPA has the authority to audit and hold accountable
7 TNCs.

8 REPRESENTATIVE WHITE: Okay. Great. Second to
9 that, you reference communities of color in Philadelphia
10 and that the 50-cent fee that would, you know, supposedly
11 cause an issue with that community because they wouldn't be
12 able to utilize the rides because it potentially could be
13 too expensive. Is that what you're regulation?

14 MS. SHAPIRO: That was what was told to us by the
15 NAACP, the Hispanic Chamber of Commerce, and the other
16 representatives that are closer to those community.

17 REPRESENTATIVE WHITE: Okay. Because educating
18 Philadelphians has been a top priority here in the
19 Legislature, as well as for the City Council, as well as
20 the PPA, and increasing the revenue from, you know,
21 regulating properly your organizations and the number of
22 cars that are out there is one of the ways that they're
23 planning to do that is to help our schools. So, you know,
24 just keep that in mind as we continue through this day and
25 the conversation because I think that, in Philadelphia, the

1 communities of color would certainly be benefitting from
2 additional dollars towards their education system.

3 Per another question, can you just describe --
4 you had discussed how the amount of success and the growth
5 that you've seen over the past couple -- you know, since
6 the inception of Act 164. Can you just describe that for
7 each of your companies and how many vehicles you've, you
8 know, added on since the inception of the regulations?

9 MR. NAIM: Yes. I mean, you know, before Act
10 164, you know, and specific in Philadelphia, there was a
11 highly risky environment in Philadelphia. And this was
12 well-reported in the media, in some ways, national news.
13 You know, vehicles were being towed, there were sting
14 operations, drivers did not feel safe, they lost their car,
15 they had to pay significant fines and fees.

16 Since Act 164, there's been a very friendly,
17 stable environment that created the conditions necessary
18 for TNCs like us to invest in Philly. And so we've seen
19 trips go up, we've seen the driver numbers go up, and we've
20 seen a tremendous, you know, strong market in Philadelphia,
21 again, the additional spending that goes on, more income
22 for drivers. And Philadelphia, for us, is one of the
23 stronger markets in the country, and that's why we even are
24 piloting programs like affordable car rental programs and
25 also just relief ride programs in Philadelphia because it's

1 been such a great success.

2 MS. SHAPIRO: And I'll just go back to the
3 statistics. We have 39,000 drivers on the Uber platform in
4 Pennsylvania, and this growth and the ability to serve 1.1
5 million Pennsylvanians is very significantly due to Act 164
6 and our ability to have a business that could grow like
7 this in Pennsylvania and serve Pennsylvania. So thank you
8 for enabling us to do that.

9 REPRESENTATIVE WHITE: Well, you're very welcome.
10 But one of the things that we also have an obligation to do
11 is to make sure that you are properly regulated, and the
12 PPA has that authority to help make sure that that's
13 implemented and enforced. And if they need more revenue to
14 make sure that that happens because of the increase of
15 success that you've had in our city and across our
16 Commonwealth, that may have to be what takes place. And I
17 hope that you're open to those conversations. All right.
18 Thank you.

19 MAJORITY CHAIRMAN GODSHALL: I just wanted to ask
20 you, you had mentioned before on the inspections. So
21 you're State-inspected. You have to have a State license
22 -- to get a license plate, you need a State inspection.
23 What's the difference between the inspection in
24 Philadelphia at the Parking Authority versus the State
25 inspection, which everybody has to have?

1 MR. NAIM: I think there's an additional spot-
2 inspection provision in Act 164 for the PPA at the PPA's
3 request. This is one of the numerous concessions made.
4 You know, it's a compromise. Act 164, everyone gets what
5 they want. This was something that I got an earful from
6 from our compliance attorneys, but it's done. And what we
7 do now is we move forward. We sat down with the taxi and
8 limousine division to ensure how can we make the inspection
9 process as smooth as possible. And we voluntarily and
10 willingly -- and because it's the law -- provide those
11 inspections.

12 MAJORITY CHAIRMAN GODSHALL: Okay. Thank you.
13 As there are no more questions, we appreciate your
14 testimony.

15 And I'd like to call the next group, which is the
16 regulatory agencies, Gladys Brown, Chairman of the PUC; and
17 Scott Petri, Executive Director of the Parking Authority.

18 MS. BROWN: Mr. Chairman, do you want the PUC to
19 go first? Thank you.

20 Good morning. My name's Gladys Brown. I am the
21 Chair of the Pennsylvania Public Utility Commission. I
22 want to thank Chairman Godshall and Chairman Caltagirone
23 and the Members of the House Consumer Affairs Committee for
24 allowing the PUC to testify today in terms of our oversight
25 over TNCs in 66 of the 67 counties in Pennsylvania.

1 You have my testimony before you, and the first
2 part of it is very extensive in terms of the history of
3 TNCs and the experimental service that we had given them,
4 starting with Yellow Cab back in 2014 and also additional
5 ones to Raiser and Lyft.

6 So I want to really focus today on what has been
7 done since Act 164 because, you know, before that act was
8 passed, we had been over here at the General Assembly and
9 spoke about the fact that our statute has not -- TNCs had
10 not fully fit into the statutory construct that we had at
11 that time, so we do thank the General Assembly for the
12 passage of that legislation and giving us a full statutory
13 authority over transportation network companies.

14 Since that time, since the enactment of 164, we
15 really think that things have gone very smoothly. The most
16 significant compliance issue concerning TNC service really
17 was the pre-licensing period before Act 164 where we had
18 some friction in terms of governmental regulation and
19 oversight with our TNCs, but that has been resolved, and
20 things have gone very smoothly since then.

21 We've had very few complaints involving TNC
22 service. Currently, there are approximately 50,000 TNC
23 drivers operating in Pennsylvania. The number of
24 violations that the Commission has found since 2016 is
25 minimal, and most violations are minor such as failure to

1 display the TNC decal. To date, there are only two serious
2 vehicle safety violations, which were found both involving
3 low tire tread depth.

4 As for driver integrity, the Commission has
5 reviewed the criminal and driver compliance histories for
6 TNC operators and did not find any abnormalities. The
7 Commission conducts these reviews periodically.

8 Regarding insurance compliance, the Commission
9 has not had any issues with coverage or claim adjustments.
10 The Commission is not aware of any significant accidents
11 involving TNC companies or that accidents are occurring at
12 an unusually high rate. So we're not aware of that.

13 As for flexible or dynamic pricing, the
14 Commission is aware that there is limited public
15 frustration over surge pricing. I heard that question
16 earlier today. However, we have reviewed very few
17 complaints about this issue. The transparency afforded to
18 consumer with pre-tip pricing quotes via the company's app
19 most likely accounts for this. The Commission believes
20 that the public has largely accepted dynamic pricing as a
21 necessary tradeoff for the service convenience and
22 availability of transportation.

23 We are also aware of issues involving the TNCs
24 relating to cybersecurity and privacy, and to the extent
25 those issues involve the Commission's oversight, they will

1 be properly vetted at the appropriate time.

2 TNCs, along with all utilities, are subject to an
3 annual assessment to fund the cost of regulation. I know
4 that is a big concern of this Committee today. Pursuant to
5 the Public Utility Code, the assessment is based on the
6 utility's gross intrastate operating revenues. The utility
7 then pays a proportional share based on those revenues of
8 the cost of the regulation. So to date, the TNCs have paid
9 their appropriate share of Commission costs, which is
10 approximately about \$2 million.

11 TNC service in Pennsylvania has been a
12 gamechanger, and we know that. Transportation service that
13 was previously unavailable is now meeting the demands of
14 consumers. Safeguards have been implemented to ensure that
15 service is provided in a safe manner, insured vehicles, and
16 by qualified drivers. And the Commission remains diligent
17 in its efforts to ensure public safety in this regard.

18 Additionally, TNC service has been a catalyst for
19 the change in other traditional transportation industries
20 such as the taxicab and limousine industries. Pursuant to
21 Act 85 of 2016, the Commission spearheaded an effort and
22 updated the regulatory framework governing these industries
23 through recognized changes in technology, as well as
24 customer demand and competitive challenges.

25 Additionally, the Commission recently implemented

1 regulations designed to eliminate unnecessary barriers to
2 entry in the passenger carrier industry. Changes to the
3 passenger transportation industry have been a fast-moving
4 target. The Commission, through the diligent efforts of
5 its staff, has been able to meet the regulatory challenges
6 occasioned by these changes.

7 So we're happy to give that story, happy to give
8 that information, also to answer any questions that you may
9 have.

10 I failed to introduce and I do have one of our
11 Deputy Chief Counsels with me here today to answer any
12 questions as well, John Herzog, who is on my left and to
13 your right.

14 DEMOCRATIC CHAIRMAN CALTAGIRONE: I'll take
15 temporary occupation of the Chairmanship while our Chairman
16 is out. And, Scott, if you want to proceed.

17 MR. PETRI: Good morning, Chairmen Godshall,
18 Caltagirone, and all the Committee Members and staff.
19 Thank you for permitting the Philadelphia Parking Authority
20 to testify today concerning the implementation and effects
21 of Act 164 of 2016.

22 I want to start with some background. In 2005,
23 the Philadelphia Parking Authority began to regulate
24 taxicab and limousine service in Philadelphia. The
25 Authority began by requiring the use of newer vehicles,

1 instituted more frequent and detailed vehicle inspections,
2 and required more thorough background checks and training
3 for drivers. This was done because of the condition of the
4 industry at the time, and this Legislature had the wisdom
5 to see and select a regulator who could change the course.

6 The Authority also advocated for the use of new
7 technology and required Philadelphia medallion taxicabs to
8 install a modern meter system that included payment by
9 credit card and GPS functionality. It was the first of its
10 kind in the United States.

11 Act 164 assigned the Authority the additional
12 task of regulating TNCs in Philadelphia. That alone placed
13 more than 20,000 additional vehicles within the Authority's
14 jurisdiction and responsibility. The Authority now
15 regulates more than 23,000 vehicles, 865 businesses, and
16 25,500 people engaged in providing for-hire vehicle
17 services to a city of 1.5 million people.

18 More than 128,000 trips are provided by taxicabs
19 and TNCs in Philadelphia every day. You just heard
20 testimony that the average trip is \$10 a day, so that's a
21 \$1.3 million enterprise grossing per day.

22 One of the most important services that the
23 Authority can deliver to customers is consistent, high-
24 quality inspections of for-hire vehicles in Philadelphia.
25 No matter the cost or the speed of the service, we all want

1 to arrive at destinations safely. The Authority employs
2 PennDOT-certified mechanics to conduct inspections the
3 regulated vehicles. Mechanics place each vehicle on a
4 lift, remove the tires, and examine the condition of the
5 entire vehicle.

6 I could exhaust all of you in the allotted time
7 today reviewing the unconscionable vehicle conditions we
8 have found over the years, but I'll give you a sampling:
9 animal feces in trunk; gas tank leaks plugged with rags;
10 vehicle suspension parts missing; headlights, tail light,
11 lights taped in place; obscene, vulgar stickers; meters not
12 functioning and intentionally being disabled; rear door
13 locks disabled from inside; missing seat belts; holes in
14 the floor; exhaust leaks into passenger compartments;
15 jagged, exposed metal around passenger compartments; bald
16 tires with exposed belts; wood blocks holding vehicle
17 frames in place; failure to display TNC signage; dead
18 animal in ceiling, and much more. And we've given you some
19 of those pictures. And by the way, these are both taxicabs
20 and TNCs.

21 We've also provided a portable hard drive to
22 every Member of the Committee showing a video resulting
23 from two standard vehicle inspections. One of the vehicles
24 in the video was found to have a damaged catalytic
25 converter that was leaking carbon monoxide into the

1 passenger compartment. The other had a missing axel shaft
2 cotter pin and missing cotter pins from the tie rods that
3 could easily have resulted in the tire separating from the
4 vehicle while in transit or causing inability to control
5 the steering of the vehicle. As you will see, one was a
6 taxicab and the other was a TNC vehicle. Each of these
7 vehicles had undergone a State inspection outside the
8 control of the Authority. The TNC vehicle had its State
9 inspection down within the two previous months.

10 Act 164 cut taxicab inspections from twice a year
11 to once every four years. Act 164 limits the inspections
12 of TNCs to approximately 70 a month out of more than 20,000
13 vehicles in service. For those mathematicians, it's far
14 less than 1 percent, so in other words, it would take us
15 100 years to inspect the entire current fleet. And of
16 course, by then, it would be a totally different fleet.

17 The Authority may only inspect vehicles from a
18 list produced by each TNC. The Authority does not have the
19 power to produce the list itself. We do not believe that
20 the limitations on inspections imposed by Act 164 are in
21 the best interests of the public.

22 Let me talk about some unique TNC issues. The
23 Authority frequently hears from members of the public,
24 regulated parties, and elected officials about things it
25 should do to more closely regulate with regard to TNCs.

1 The suggestions often focus on congestion issues, surge
2 pricing, demands for service data, out-of-State drivers,
3 audits of operations, and on. Act 164 specifically
4 prevents the Authority from acting upon any of those
5 requests, so let me give you some examples. And I have to
6 say this is very unique among all the entities that
7 Pennsylvania regulates, whether it's the PLCB, the
8 insurance industry, or any other industry like banking.
9 The limitations are severe.

10 The Authority may not restrict vehicles
11 registered in other States. The Authority is not permitted
12 to know what vehicles or drivers are providing TNC service
13 in the city. In fact, I personally reported one and had to
14 report first to -- which was operating without the
15 appropriate insignia. I first had to have my staff contact
16 and find out if it was one operator, and then we found out
17 it was the other, but we don't know in advance who's
18 operating what vehicles.

19 The Authority may not conduct background checks
20 on drivers. The scope of the vehicle inspections the
21 Authority can conduct are limited. TNCs are not required
22 to provide basic trip data or other service information.
23 What little information TNCs do provide may not be provided
24 to any third party, including yourselves, including the
25 Philadelphia School District.

1 Just as an aside, at a meeting when we were
2 talking about the 50-cent-per-ride trip with the school
3 district, ask me, how did you come to your calculation?
4 And I had to say to them and the Budget Director for the
5 City of Philadelphia, "We cannot tell you."

6 The Authority has no oversight over basic fees
7 charged by TNCs, including the 1.4 percent surcharge
8 currently added to each TNC fare. And, by the way, I just
9 heard for the first time in testimony -- and I wish it was
10 under oath, but maybe they'll follow up in writing -- that
11 we have this authority to audit. I'd like to see what that
12 authority is, where it is. I'd love to have it, and we'd
13 be happy to send auditors over. Had we had that ability,
14 by the way, we may have known about a mistake that had been
15 made last year by one of the TNC operators. Thankfully,
16 they came forward, but I have to candidly tell you that if
17 you ask me is the new information they gave us is
18 inaccurate, I would have to honestly tell you we have no
19 way of knowing.

20 The Authority may not review or limit surge
21 pricing. The Authority may not require any variation in
22 insurance different from those in Act 164. The language of
23 Act 164 calls into question the value and need for separate
24 regulations due to its specificity and limited discretion
25 available to the regulator. In other words, there's almost

1 no point in creating regulations because the statute so
2 limits our ability. And by the way, this is in stark
3 contrast to the regulatory scheme or regulatory, sorry,
4 pattern set up for the rest of the industry. It would be
5 akin in my mind to having two different rules for liquor
6 licensees, one where you just have to depend on corporate
7 in some foreign State telling you whether its members
8 running a chain of restaurants or facilities across
9 Pennsylvania that they may know of a violation.

10 Oh, and I must comment on this because it was
11 quite staggering to me. So you heard a comment from one of
12 the TNCs that they asked us for the list of complaints that
13 we had. It's amazing. This fine gentlewoman, gentleperson
14 said to her, "Are you going to share your list of
15 complaints with us?" Dead silence. I haven't received
16 that list.

17 Act 164 also made drastic cuts to the Authority's
18 regulatory budget. The fiscal note to 164 confirms that
19 changes to taxicab assessments reduced funding by more than
20 \$2 million. Confusion related to Act 164's assessment
21 language has caused litigation and the refusal of some
22 taxicab owners to pay even this lower assessment. Last-
23 minute changes to the final version of 164 cut \$3 million
24 from planned TNC regulatory funding. And I will add as an
25 aside, if there was an agreement, we certainly were not

1 invited to be at the table at the last minute.

2 In total, regulatory funding has been cut by 58
3 percent, just as more than 20,000 vehicles were placed
4 under the Authority's jurisdiction. This has necessitated
5 a 55 percent reduction to regulatory staff. In fact, there
6 are only seven enforcement officers who must cover
7 operations all day long, 24/7.

8 The chart below shows the Authority's budget
9 prior to Act 164 compared to regulated entities and how the
10 budget dramatically declined and how the numbers proceeded.
11 And I think you can easily see that we are here not asking
12 for more money; we are here asking for the money necessary,
13 the money that existed prior to adding 20,000 new vehicles
14 and 100-and-some thousand trips per day.

15 It's been suggested that the Authority should
16 just use the money from other accounts to cover the
17 regulatory deficits. However, the revenue raised by
18 different Authority operations already has mandated
19 recipients either by statute or by contract. For example,
20 net on-street parking revenue must go to the city and the
21 school district, red light camera revenue must go to
22 PennDOT's Motor License Fund, revenue from airport parking
23 obviously must go to the airport to support its operations.

24 The Authority's regulatory operation must be
25 self-supporting as every other regulatory entity, and the

1 Authority simply cannot adequately regulate the taxicab,
2 TNC, and limo industries with the funding that's left as a
3 result of Act 164.

4 Therefore, the solution we have proposed,
5 Mr. Chairman and Members of the Committee, is that the
6 Authority proposes an assessment structure on all regulated
7 entities on a per-trip fee. Taxicabs and TNCs would pay a
8 50-cent trip surcharge. Those surcharges, like those
9 already in place in Chicago, Massachusetts, Seattle, and
10 New York, where the surcharge is \$2.50 per trip per day.

11 The proposed surcharge would replace the current
12 fee structure. Two-thirds of the TNC assessment would
13 continue to be directed to the Philadelphia School
14 District. Based upon the most recently reported number of
15 TNC trips in Philadelphia, school funding would increase
16 under this proposal from \$3 million to approximately \$11
17 million.

18 One hundred percent of the TNC assessment goes to
19 the State Treasurer. That office distributes the revenue
20 back to the school district. There is no overhead
21 reduction associated with our operations on school funding
22 revenue, nor should there be.

23 The proposed language would also relieve taxicab
24 owners and drivers of the need to collect or to pay any
25 assessment at all and create assessment parity between

1 taxicabs and TNCs. Customers will pay the same clear
2 surcharge for each service.

3 We also propose language that provides stability
4 and predictability to the assessment charged to dispatchers
5 and limousines. These assessments will be set at current
6 levels and only increases based upon a CPI calculation made
7 by the Department of Labor would be imposed. I must stress
8 that the changes we propose only relate to funding. Act
9 164 effectively removed the Authority's prescreening
10 powers. Our focus must now be on service while in
11 progress. To do that, we need more boots on the ground.

12 In total, the revised assessment language will
13 adjust the Authority's budget and permit additional
14 staffing and resources totaling \$5 million just to cover
15 TNC enforcement and regulation and \$4 million to continue
16 to cover the cost of regulating taxicabs and limos. The
17 Authority would allocate these resources by hiring 15 to 20
18 new enforcement officers to cover the various shifts,
19 two enforcement supervisors, three mechanics, and seven
20 administrative staff to properly fulfill our mission.

21 Before I close, Mr. Chairman and Members, I would
22 like to address this discussion about the Auditor General's
23 report. I think it is appropriate to address it head-on.
24 Many of you may be aware but you may not all be aware but
25 certainly anyone who saw the report is aware that before I

1 arrived as Executive Director, the interim Executive
2 Director had in fact addressed about 90 percent of the
3 Auditor General's comments, most of which dealt with
4 employment practices, some of which dealt with some
5 financial integrity issues. The issues that remained open
6 were in fact the hiring of a new Executive Director with a
7 long track record of standards of ethics and the like. And
8 not being boastful, but I think you all know my past
9 involvement with the Ethics Committee.

10 I am also pleased to inform you that yesterday I
11 was proud to receive an accreditation on behalf of the PPA
12 by the only entity in the State or in the country that
13 accredits parking authorities in colleges that perform the
14 type of services we perform. We were able to obtain that
15 accreditation within two months of instituting the work.
16 It involves submittal of thousands of records and review of
17 every operating procedure. Quite frankly, it was like the
18 biggest health exam you've ever gone through. And not only
19 were we accredited, we were accredited with distinction,
20 which is reserved for only those entities operating at the
21 highest level.

22 The one last major issue that needs to be
23 addressed with the Auditor General deals with an outside
24 independent review of salaries, and that is underway and we
25 should have that in place. Our Authority has a tremendous

1 number of positions. We have about 1,000 employees, but we
2 have probably two, almost three hundred job descriptions.
3 We just have, candidly, too many job descriptions, and so
4 the outside entity is supposed to help us narrow that down.
5 And once that's done, I'm sure that some additional
6 restructurings will take place.

7 Having said all that, I now open it up for any
8 questions that you may have of either of us.

9 MAJORITY CHAIRMAN GODSHALL: I'd like to first
10 address Chairman Brown. Have you had the same problem with
11 the TNCs apparently that the Parking Authority's had?

12 MS. BROWN: No, we have not.

13 MAJORITY CHAIRMAN GODSHALL: You have not?

14 MS. BROWN: No, we have not. And I don't know
15 exactly -- if you want to give me some specific questions
16 that you've had because I can tell you that the concerns --
17 and I stated that in my testimony. Things have gone pretty
18 smoothly for us after the initial issues that we were
19 dealing with in terms of free licensing, but we have not
20 had any problems or many complaints. We currently have
21 about -- or had about seven formal complaints, which is not
22 a lot, in the course of time dealing with transportation
23 network companies. And as I stated in my testimony, they
24 were -- you never want to say anything's minor, but they
25 were minor in terms of some of the complaints that had been

1 filed. And so we generally have not had some of the same
2 concerns that I heard Representative Petri explain right
3 now.

4 MAJORITY CHAIRMAN GODSHALL: Approximately how
5 many vehicles -- not only TNCs -- but total does the PUC
6 regulate --

7 MS. BROWN: I think we have about --

8 MAJORITY CHAIRMAN GODSHALL: -- in the State of
9 Pennsylvania?

10 MS. BROWN: I think we have about -- I'm looking
11 over my testimony again, so I do apologize --

12 MAJORITY CHAIRMAN GODSHALL: And I apologize for
13 leaving.

14 MS. BROWN: That's okay, Mr. Chairman. I think
15 we have approximately 50,000? Fifty thousand.

16 MAJORITY CHAIRMAN GODSHALL: And what's the cost
17 of regulating those 50,000?

18 MS. BROWN: As I stated before, in terms of an
19 assessment, we do it the same way that we have for any of
20 our utilities. It is an annual assessment that's funded to
21 provide for the cost of regulation, and it's spelled out in
22 terms of our statute that provides for -- it's on the gross
23 intrastate operating revenues. And I think the general
24 amount is about \$2 million each year. And I wouldn't be
25 able to break it down in terms of each company, but

1 overall, it's about \$2 million.

2 MAJORITY CHAIRMAN GODSHALL: Does that 50,000,
3 does that include taxis and everything or is that just TNCs
4 when you --

5 MS. BROWN: That's just TNCs.

6 MAJORITY CHAIRMAN GODSHALL: Well, what's your
7 overall that you regulate in the State of Pennsylvania,
8 everything --

9 MS. BROWN: I can get you that information. We
10 were just coming today to talk about TNCs --

11 MAJORITY CHAIRMAN GODSHALL: Okay.

12 MS. BROWN: -- so I don't have that general
13 information in terms of taxis and other motor carriers, but
14 we can get that information for you.

15 MAJORITY CHAIRMAN GODSHALL: Okay. On the TNCs,
16 so about how many do you have in Philadelphia?

17 MR. PETRI: I want to make sure we get the
18 accurate answer, so I'm going to turn it over to Christine.

19 MAJORITY CHAIRMAN GODSHALL: No, approximately.

20 MS. KIRLIN: Good morning. Christina Kirlin for
21 the Parking Authority. There are at least 20,000 TNCs in
22 Philadelphia. Act 164 does not require the TNCs to provide
23 us with the exact number.

24 MAJORITY CHAIRMAN GODSHALL: Okay. And what does
25 it cost for the regulation in Philadelphia of those 20,000?

1 MS. KIRLIN: We estimated prior to Act 164 that
2 it would cost us about \$4 million to regulate the TNC
3 industry.

4 MAJORITY CHAIRMAN GODSHALL: Four million for
5 20,000?

6 MS. KIRLIN: Yes, at least 20,000.

7 MR. PETRI: If I might, Mr. Chairman -- and
8 you're on the right exploration, but the exploration is
9 really what is the appropriate cost to properly regulate an
10 entity. If you thought about, for instance, a banking
11 industry and how we regulate banking industry, as you know,
12 the bankers pay the cost of assessment. The banking
13 committee or the department determines how much they need
14 for staffing, and then they divide it up. We believe,
15 based upon what is needed to put boots on the ground,
16 particularly the way this language is set up, we cannot
17 pull vehicles off the street to do random inspections, so
18 we realize that if this is the way the regulatory process
19 is going to go, we must have boots on the ground. Right
20 now, we only have seven inspectors to cover the entire
21 Philadelphia area. And there's a picture of what we deal
22 with.

23 Let me say the important thing and the obvious.
24 I have never once entered -- and I use Uber and Lyft, and I
25 think it is a valuable service; there's no question. I've

1 used Uber and Lyft. But never once have I walked around
2 the car to see if the tires are bald, to look and see if
3 the inspection isn't current, to lift up the hood and make
4 sure there's not holes in the catalytic converter, never
5 once done it. I look to see if the car is generally clean.
6 I look to see if the driver is friendly. I've never rated
7 a driver. I have the ability to do so. But what is really
8 different about this business is it all depends upon self-
9 regulation. It depends upon you filing a complaint, you
10 telling us that there's a complaint if you want help, and
11 then someone actually following up.

12 MAJORITY CHAIRMAN GODSHALL: Okay. I understand
13 all that.

14 MR. PETRI: Right.

15 MAJORITY CHAIRMAN GODSHALL: But at the same
16 time, what's the difference between the regulation by the
17 PUC on the TNCs and what you do in Philadelphia? I mean,
18 why is there such a tremendous, tremendous disparity?

19 MR. PETRI: Both of us are currently with
20 existing funding doing, in my opinion, an inadequate job to
21 protect the public. That's the plain, simple truth.

22 MS. BROWN: And I would --

23 MAJORITY CHAIRMAN GODSHALL: Well, I --

24 MS. BROWN: I would beg to differ on that, you
25 know?

1 MAJORITY CHAIRMAN GODSHALL: I would hope --

2 MS. BROWN: I'm not here to talk about the
3 Philadelphia Parking Authority at all. What I'm here to
4 say is that the PUC is doing a very good job.

5 MAJORITY CHAIRMAN GODSHALL: You said you have
6 very few complaints, you testified, but -- okay. There's
7 this tremendous difference there, and that's what I was
8 trying to get at.

9 Representative Quigley.

10 REPRESENTATIVE QUIGLEY: Thank you, Mr. Chairman.
11 And thank you both of you for your testimony.

12 I know we've been talking about the TNCs here,
13 but I wanted to shift gears a little bit to talk about the
14 limousine services. And, Scott, I remember back in my
15 first, first time I think it was in 2005, 2006 when the
16 Parking Authority had some regulations on limousine
17 companies. And I recall a meeting that we had up here with
18 the then-Executive Director of the PPA to talk about the
19 concerns that were brought to us, and it was specifically
20 Montgomery, Chester, Bucks, Delaware County operators. And
21 we had this meeting with the Executive Director and
22 expressed our concerns.

23 And if I recall correctly then, it was not only
24 fees, it was also more inspection, you know, stepped-up
25 inspections of the vehicles in which they had to bring the

1 vehicle to Philadelphia, you know, that sort of thing. So
2 I remember after that meeting probably like a week later I
3 was approached by those -- there were two in my district,
4 and they said, you know, Tom, I don't know what you did but
5 thank you very much because they were satisfied with the
6 outcome. And I don't know if that was a statutory thing
7 or, you know, who knows what it was, but they were happy.

8 So, right now, it seems that with particularly
9 the assessment of the fees that the limousine drivers and
10 companies are charged more per vehicle as opposed to these
11 fees that you're talking about for the TNCs. So can you
12 talk to --

13 MR. PETRI: Sure.

14 REPRESENTATIVE QUIGLEY: -- that as far as a
15 parity or a fairness thing and, you know, why is it a
16 different fee structure for the limousines.

17 MR. PETRI: Yes, so there's two -- and it's an
18 excellent question, Representative. I think there's two
19 different approaches to it. One, you could assume that
20 it's a different hailing system that, you know, when you
21 have a limousine, you're specifically chartering that
22 company and you go and make a telephone call. I will tell
23 you, we are having conversations with the limo industry,
24 and they've been extremely helpful in working through
25 issues. The limo association doesn't represent all the

1 limousine drivers, so we're trying to get data to figure
2 out what the fair per-trip fee would be. But we are
3 certainly open to discussing a per-trip fee for limousines.

4 We think, and I personally think that it's a
5 fairer way to proceed. We just have to try and get to the
6 right number, knowing how many trips there are and what the
7 reasonable fare would be. It wouldn't be 50 cents. Would
8 it be, you know, \$1.50, \$2.00? I don't know. And the
9 limos are receptive to that approach as opposed to the
10 current law, as you may know.

11 And the fiscal code, I think it was \$450 per car,
12 and that creates some problems in a limousine deciding,
13 well, how many cars do I really need to register within
14 Philadelphia and what if I miss and I put a car on because
15 I've got a trip but I can't really fill the whole year? So
16 we do think a per-trip fee might be the best solution, and
17 that would create parity across the board.

18 REPRESENTATIVE QUIGLEY: And currently, when you
19 look at, on a proportional basis, number of complaints, you
20 know, inspection issues, things of that nature, you know,
21 is there a comparison that can be made there, or are these
22 limousine companies at a better compliance rate for lack of
23 a better term?

24 MR. PETRI: I will make sure that Christine
25 answers it so you get an accurate answer, but certainly my

1 impression is that the limousine industry has far less
2 complaints.

3 MS. KIRLIN: Yes, it's true that the limousines
4 do have a higher compliance rate in comparison to taxicabs
5 or TNC vehicle inspections for that matter. There's less
6 complaints from the public, the vehicles pass inspections
7 at a higher rate than the rest of the industry. They're
8 not being used as frequently as a cab or TNC --

9 REPRESENTATIVE QUIGLEY: Right.

10 MS. KIRLIN: -- running daily throughout the day.

11 REPRESENTATIVE QUIGLEY: Right. And then for the
12 Chairwoman, as far as the PUC's concerned, do you see that
13 same, you know, as far as compliance or as far as any
14 complaints that the limousines are at a much lower rate?

15 MS. BROWN: I'm going to have our Deputy Chief
16 Counsel John answer that question.

17 REPRESENTATIVE QUIGLEY: Okay.

18 MR. HERZOG: Yes. It's a lower rate due to the
19 nature of the service. It's a higher level of service than
20 taxicabs and TNCs, and the public expects more. Many
21 times, the limousine service, it's prearranged service,
22 meaning that it's bargained for exchange arm length where
23 people sit down and say what are you going to show up when
24 I go to my prom or my wedding. So we do not see the
25 vehicle issues with the limousines.

1 REPRESENTATIVE QUIGLEY: Okay. And then just one
2 final thing because I'm reading ahead to the limousine
3 association's testimony, and I guess they did a right-to-
4 know request. And according to that, they said to the
5 Parking Authority they're 125 limousine operators certified
6 by the Philadelphia Parking Authority to operate in
7 Philadelphia at a requested regulatory budget of \$887,996.
8 And then, conversely, the PUC regulates 364 limousine
9 operators providing service throughout the rest of the
10 Commonwealth with a budget of only \$753,430. So, you know,
11 Scott, if you could make a comment about that or why that
12 might be.

13 MR. PETRI: Sure. So one of the things that
14 we're looking to change moving forward, originally, when
15 this law was enacted, it made sense to have three different
16 budgets. When we submit our budget, we have to by law
17 submit three different budgets. And, by the way, I should
18 mention those budgets are audited independently annually.
19 And they're submitted to, obviously, as you know, the
20 Legislature for approval.

21 But we create a fiction. And the fiction is
22 that, you know, Christine's salary has to be divided among
23 the divisions. She may spend much, much more time in one
24 area than another. An enforcement officer wearing a
25 uniform that's out on the street has to be split within

1 those budgets. So to some degree those are all somewhat
2 based upon a series of assumptions, which change from year
3 to year.

4 We think a far better way of dealing with this is
5 to throw the money into a central budget and allocate it
6 out among the personnel that are out there on the street
7 enforcing so that everybody is contributing because the
8 truth is a strong regulator is good for the industry. When
9 we meet with the limo companies, they rightfully say we
10 want to make sure if we contribute this money that you're
11 going to go out on the street and enforce people who are
12 scabs and not working appropriately and ride hailing in
13 ways that are inappropriate. They're correct.

14 If I were in San Francisco in my corporate
15 office, I would want a strong regulator to know that the
16 driver, who they never meet, they never know, and they have
17 no idea what the condition of the vehicle is, that somebody
18 is making sure it's safe and taking it off the road if it's
19 not. That's what I think we do.

20 MS. KIRLIN: I would just like to clarify those
21 numbers. Currently, there are about 115 certified
22 limousine companies in Philadelphia. Under those 115
23 limousine companies, it's approximately 1,500 vehicles and
24 then 1,500 certified limousine drivers that we're required
25 to regulate.

1 REPRESENTATIVE QUIGLEY: Okay. All right. All
2 right. Thank you, Mr. Chair.

3 MAJORITY CHAIRMAN GODSHALL: Representative
4 White.

5 REPRESENTATIVE WHITE: All right. Hi. This is
6 for the PUC. Guys, hi. Thank you so much for being here
7 today. I know that the Chairman was trying to get at what
8 the differences are between the regulations that you impose
9 on the TNCs, and I just wanted to also continue that line
10 of questioning.

11 Does the PUC randomly inspect TNC vehicles?

12 MS. BROWN: Yes.

13 REPRESENTATIVE WHITE: You do? Okay, great.

14 MS. BROWN: Do you want me to elaborate on that?

15 REPRESENTATIVE WHITE: Yes, please.

16 MS. BROWN: Okay.

17 REPRESENTATIVE WHITE: Yes, please.

18 MS. BROWN: I'll let John elaborate on that.

19 MR. HERZOG: Right. One of the arms of
20 enforcement is the random inspection, and we do that for
21 trucking companies, on inspections as an arm of the Federal
22 Government and State Police. We do it for large bus
23 companies, we do it for taxicabs, and we do it for TNCs.
24 But if you're talking about the effectiveness of that, the
25 TNC is a very difficult bird to catch for that because the

1 others are readily identifiable in the vehicle that they're
2 operating. They have a dome. It's truck running down.
3 They have the PUC placards. They are licensed by PennDOT
4 and have specific commercial tags.

5 TNCs are personal vehicles, and the only readily
6 identifiable thing is a sticker in the window that you
7 could see that that particular vehicle is being used in TNC
8 service. So in that respect, we do random inspections but
9 obviously at a much lower rate than we would with the other
10 industries.

11 REPRESENTATIVE WHITE: Okay. Could you
12 approximately tell us how many TNCs you were able to
13 inspect this past year?

14 MR. HERZOG: I do not have that number.

15 REPRESENTATIVE WHITE: Okay. That's all right.

16 MR. HERZOG: I know that, as was stated earlier,
17 it's to a certain extent a self-regulated industry. It was
18 designed that way. When it came to Pennsylvania, we were
19 looking at the appropriate tradeoff between what is the
20 State's role, PUC's role because we got it before the
21 Legislature did --

22 REPRESENTATIVE WHITE: Right.

23 MR. HERZOG: -- and where can we punt a little
24 bit to the industry, and how can we ensure that the
25 industry is adhering to the standards that we feel are

1 important.

2 So some of the things that we put out in the
3 original order in granting TNC authority, for instance, in
4 terms of vehicle integrity, very simple one to talk about,
5 we looked at an eight-year, 100,000-mile limitation on all
6 vehicles. By virtue of that age and mileage limitation,
7 the PUC felt that it was vicariously ensuring the integrity
8 of that vehicle, and therefore, the fact that it might not
9 be able to inspect that vehicle as frequently as it might a
10 taxicab fleet, that the vehicle itself, most vehicles in
11 that category would be in good shape. That, you know, was
12 extended to a 10-year, 350,000-mile vehicle by Act 164, and
13 recently, to a 15-year, 350,000-mile vehicle by Act 44.
14 But at the first sight, that's what we had looked at saying
15 this is going to help us do our job and allow the industry
16 to do their job to make sure that they're running vehicles
17 that they are not seeing.

18 Lift and Uber are not inspecting these vehicles.
19 They are not bringing the vehicles in prior to putting them
20 on the platform, putting them up on a lift and doing an
21 independent assessment --

22 REPRESENTATIVE WHITE: Right, like a trucking
23 company would normally --

24 MR. HERZOG: Right.

25 REPRESENTATIVE WHITE: -- something like that,

1 right?

2 MR. HERZOG: Right.

3 REPRESENTATIVE WHITE: Okay. So you definitely
4 have staff solely dedicated to TNC, you know, regulations
5 and --

6 MR. HERZOG: No, and I think --

7 REPRESENTATIVE WHITE: -- enforcement?

8 MR. HERZOG: -- that's an important part.

9 REPRESENTATIVE WHITE: Okay.

10 MR. HERZOG: It appears that the PPA has
11 different buckets. Our bucket is passenger transportation.

12 REPRESENTATIVE WHITE: Right. Okay.

13 MR. HERZOG: So when we do talk about the
14 assessment bucket, we have approximately I believe \$3.5
15 million or \$4 million passenger transportation bucket of
16 assessment. And TNCs are in that bucket, and they're
17 contributing about \$2-2.5 million of that \$3.5-4 million
18 cost of regulation.

19 REPRESENTATIVE WHITE: So the TNCs are in a sense
20 subsidizing a little bit some of the other entities that
21 fall under your passenger transportation --

22 MS. BROWN: We'd never --

23 REPRESENTATIVE WHITE: -- umbrella?

24 MS. BROWN: We wouldn't want to say --

25 REPRESENTATIVE WHITE: Sorry, I wouldn't say

1 subsidize but --

2 MS. BROWN: -- subsidizing.

3 REPRESENTATIVE WHITE: Sorry.

4 MS. BROWN: And that's across the board of all --

5 REPRESENTATIVE WHITE: I got you. So you can
6 utilize those funds however you deem fit because you need
7 to make sure the regulations across the board are
8 imposed --

9 MS. BROWN: We try to make sure everyone pays
10 their appropriate role --

11 REPRESENTATIVE WHITE: Fair enough.

12 MS. BROWN: -- cost.

13 MR. HERZOG: And that's statutorily set under our
14 statute under Section 510 of the Public Utility Code, which
15 a particular utility's assessment is based on their gross
16 intrastate operating revenues.

17 REPRESENTATIVE WHITE: Right.

18 MR. HERZOG: Those who make more, pay more, so if
19 you have a small utility, electric utility, they're going
20 to pay less than PP&L --

21 REPRESENTATIVE WHITE: Thank you.

22 MR. HERZOG: -- just the name of the game.

23 REPRESENTATIVE WHITE: Got it. Okay. And then I
24 guess along the same line of questioning, do the TNCs
25 provide -- like you have riders who contact you directly to

1 submit a complaint, right?

2 MS. BROWN: Correct.

3 MR. HERZOG: Yes.

4 REPRESENTATIVE WHITE: Okay. Do the TNCs provide
5 you with the complaints that they receive from their
6 riders?

7 MR. HERZOG: No.

8 MS. BROWN: No. I mean, we just have our own
9 process, so I don't know that they have. Bt we do have
10 auditing authority, and generally, we could look at their
11 records and get that information if we needed to.

12 REPRESENTATIVE WHITE: And that would be made
13 public or that we could have a copy of that audit?

14 MS. BROWN: We don't generally -- especially if
15 it's marked confidential --

16 REPRESENTATIVE WHITE: Okay.

17 MS. BROWN: -- and under the statute also that
18 was passed, Act 164 said if there's any confidential
19 information, you know, we cannot release that, but we have
20 general auditing powers, that we would be able to do the
21 job that we need to do.

22 REPRESENTATIVE WHITE: Okay. Do you have any
23 thoughts on whether or not you would consider doing that
24 audit any time soon?

25 MS. BROWN: Right now off the top of my head,

1 we're looking at that.

2 REPRESENTATIVE WHITE: Okay.

3 MS. BROWN: I don't know the time frame of it.

4 REPRESENTATIVE WHITE: But you can do it randomly
5 whenever you like?

6 MS. BROWN: Right.

7 MR. HERZOG: I have it on my desk at this moment
8 to initiate the audit, so --

9 REPRESENTATIVE WHITE: Oh, okay.

10 MR. HERZOG: -- the Commission has looked at it
11 and, you know, we believe that it's time to look at their
12 compliance. Now, we've done random reviews. We have a
13 separate Bureau of Investigation and Enforcement. That's
14 the Commission's enforcement arm. And they've looked at,
15 you know, driver compliance and making sure that Uber and
16 Lyft, they are doing their appropriate background checks
17 and that the background checks are clear. So they are
18 doing that, but as you know, doing that and looking at that
19 from our perspective, it's very difficult to do that for 30
20 or 40,000 drivers.

21 REPRESENTATIVE WHITE: Right.

22 MR. HERZOG: That's been a frustration of
23 enforcement not unique to Lyft and Uber. You know, from
24 the Commission's perspective -- I'm dating myself, but
25 going back to the '90s where we would love to have real-

1 time information from PennDOT, from the State Police
2 regarding, you know, drivers who are operating, and that
3 information should be available to the utilities, to the
4 carriers as well because they certainly want to make sure
5 that their drivers did not just have their license
6 suspended last night and they're putting them out on the
7 street today --

8 REPRESENTATIVE WHITE: Right.

9 MR. HERZOG: -- unknowingly.

10 REPRESENTATIVE WHITE: Well, I'm sure, as
11 legislators, we'd be happy to work on that with you.

12 MR. HERZOG: Great.

13 REPRESENTATIVE WHITE: And then if you don't
14 mind, Chairman, just to speak to the PPA as well briefly on
15 the same line of questioning, one question.

16 MAJORITY CHAIRMAN GODSHALL: Okay.

17 REPRESENTATIVE WHITE: Is that all right? Thank
18 you, Chairman. I know. He's the man, isn't he? He
19 melted. No.

20 So to the PPA, do you plan to do an audit of the
21 TNCs at any point in time now that we've heard from them
22 directly that you have that authority and they're well
23 aware that you have that authority?

24 MR. PETRI: With all due respect to what they
25 said, my general counsel has indicated to me that we do not

1 have any audit authority. And in fact, when we've asked
2 for the simplest document, we're always told it's
3 proprietary information, for instance, when we ask for a
4 list of drivers, no. When we ask for a list of complaints,
5 not even who, just where, when, and how, no. We don't have
6 the power to do anything other than obtain very, very
7 little information.

8 REPRESENTATIVE WHITE: Okay.

9 MR. PETRI: So an audit is useless.

10 REPRESENTATIVE WHITE: All right. Thank you very
11 much, both parties, for being here today to testify. Thank
12 you.

13 MAJORITY CHAIRMAN GODSHALL: Okay. Now, briefly,
14 Representative Neilson.

15 REPRESENTATIVE NEILSON: Wow, I can't get the
16 same time as Representative White?

17 REPRESENTATIVE WHITE: Sorry, Ed.

18 REPRESENTATIVE NEILSON: I guess that's lucky for
19 you, former Chairman Petri. I thought I was going to get
20 payback today for the Committees I've sat with you on in
21 the last six years, but I'm okay. A couple questions.

22 We're trying to measure apples by apples. Madam
23 Chairwoman, I appreciate you spending your time here today,
24 as well as you're very good to us at the House and the
25 Senate and are always making yourself available.

1 MS. BROWN: Thank you.

2 REPRESENTATIVE NEILSON: But we talked about the
3 number of inspections. We don't have that list. Can you
4 supply that physical inspection list to the Committee when
5 you return back to the office? Because you probably
6 weren't thinking you were going to get that question today,
7 and I understand it --

8 MS. BROWN: I did not, and we can -- we will go
9 back and provide you with whatever information we're able
10 to.

11 REPRESENTATIVE NEILSON: Yes, this way we can see
12 because Chairman Petri's talking about how many physical
13 inspections he does, and it'd be really nice to compare
14 that as we're going through this.

15 We heard about the limousines and, you know,
16 Parking Authority told us about how they have 1,500 drivers
17 and all. And the PUC covers 364 limousines. Do we know
18 how many drivers that entails? Because we're trying to
19 measure apples to apples. You know what I mean? I mean --

20 MS. BROWN: Once again, we'll get that
21 information to you.

22 REPRESENTATIVE NEILSON: Thank you. Thank you.
23 You mentioned the 15-year rule, Madam Chair, and I think
24 your counsel did, and I wasn't really too hot on that 15-
25 year rule. Can you tell me your feeling on the 15-year

1 when it went from 10 to 15? Because I know what 15-year-
2 old cars look like --

3 MS. BROWN: Right.

4 REPRESENTATIVE NEILSON: -- and drive like. I --

5 MS. BROWN: I think it was adequately expressed
6 by our counsel that we were at a 10-year. And it was
7 changed to the 15-year by the General Assembly. I am a
8 product of the General Assembly, so I always try to give
9 deference to your role and your responsibility. And we at
10 the Commission -- or I can just say me because we don't
11 have a Commission position -- just a little concerned of
12 what we may or may not see with moving it up to 15 years.

13 REPRESENTATIVE NEILSON: Okay. We'll punt that
14 one.

15 MS. BROWN: I don't think it was a punt. I was
16 just --

17 REPRESENTATIVE NEILSON: Yes, I understand. We
18 make the rules; you just follow them. I understand.

19 MS. BROWN: Exactly.

20 REPRESENTATIVE NEILSON: Yes. The TNCs annual
21 assessments, what is their proportional share, and how is
22 that number calculated?

23 MS. BROWN: I think I stated in our testimony
24 it's based upon the gross intrastate operating revenue.
25 And John has stated before also it's all of our

1 transportation companies together and based upon a formula
2 that we have that's about \$2 million a year for our TNCs
3 total. I don't have the breakdown, and I don't know if
4 it's appropriate to give the actual breakdown per each
5 transportation network company.

6 REPRESENTATIVE NEILSON: Audit regulatory, you
7 talked about you're going to audit the regulatory. Part of
8 that audit, I'd ask that you include some of the drivers
9 that come in from out of State because our State borders
10 some pretty large State and they come in and out. And
11 without that information, we don't know who's coming in and
12 out. And if you, the PUC, is collecting that type of
13 revenue and you did mention 30 to 40,000 drivers that you
14 believe you regulate and don't have the resources -- may or
15 may not have the resources to do as many physical
16 inspections as are necessary --

17 MS. BROWN: I think what John has stated is it's
18 not necessarily that we didn't have the resources but it
19 might be difficult to identify them --

20 REPRESENTATIVE NEILSON: Touch them.

21 MS. BROWN: -- because they're different than
22 what we see. You know, we generally have the PUC number
23 and everything else, but with TNCs, they have their decal
24 on the car, so it's not as visible.

25 REPRESENTATIVE NEILSON: Do you feel that -- can

1 you please maybe supply the Chairman and the Committee with
2 some suggestions on how we could make it easier for you to
3 identify these drivers in these vehicles being used?

4 Because I might be a driver and I might take my son's car
5 out tonight and use that instead of the car I had used
6 yesterday because my son's car is 15 years old and mine's
7 new and he had a date and he wants the nice car tonight. I
8 mean, I'm just -- you know, the situations because we don't
9 know what car this person's in and stuff like that. If you
10 have any suggestions that we can make your job easier to
11 regulate this industry, we would appreciate it as a
12 Committee.

13 MS. BROWN: We can bring some information to you.

14 REPRESENTATIVE NEILSON: Thank you.

15 Mr. Chairman, we talked about buckets and stuff
16 like that, and we're going to get the numbers. How many
17 inspections does the PPA do on these individuals? We see
18 the pictures and we see that. How many do you actually do?

19 MR. PETRI: Well, the law prohibits or limits the
20 amount of random inspections that can be done so that when
21 that law was crafted, it's 70 a month --

22 REPRESENTATIVE NEILSON: Out of how many
23 vehicles?

24 MR. PETRI: At least 20,000, probably a lot more.
25 But as to the total inspections, I'll let Christine give

1 you some numbers.

2 MS. KIRLIN: So out of the possible at least
3 20,000 vehicles, we can randomly call in for a wheels-off
4 scheduled regulatory inspection is 35 per TNC, so that's 70
5 a month. The proposal of the 50-cent surcharge will help
6 the Parking Authority put more of an appearance and patrol
7 on the streets of Philadelphia because we're limited to the
8 number of vehicles that we can actually call in. So from
9 the pictures that we've provided, you've seen some of the
10 unsafe conditions that these vehicles are in, and if we
11 could have more of a presence on the street, we'll be able
12 to inspect some of the cars on a field inspection versus
13 the limited number that we can bring in.

14 REPRESENTATIVE NEILSON: On the bringing -- what
15 happens if you say, hey, I want you to come in, and I don't
16 come? Would you have any authority to pull them and get
17 them off the streets as vehicles? How do you communicate
18 with the Uber, the Lyft to say, hey, look, this person's
19 not responding to my request to inspect this vehicle. Do
20 you have any authority to take them off the street?

21 MS. KIRLIN: We do. So for the 70 inspections
22 that we are permitted to conduct a month, the process
23 between the Parking Authority and the TNCs has been working
24 very well. We call the cars in, we let the TNC know which
25 vehicles need to come in. When they fail to appear, we do

1 issue a citation for them failing to appear. And each TNC
2 will let us know that they have taken that vehicle off the
3 platform until they appear for an inspection. But it does
4 not replace another car being called for inspection.

5 REPRESENTATIVE NEILSON: Okay. Thank you,
6 Mr. Chairman. I don't want to take up too much more time.

7 MAJORITY CHAIRMAN GODSHALL: Yes, thank you. You
8 know, all these cars that you're inspecting, they all have
9 to have State inspection at the same time?

10 MS. KIRLIN: Correct. So the TNCs are required
11 to ensure that the vehicles have current State inspection
12 completed, but I believe, as one of the Representatives has
13 stated, that a lot of these vehicles are out of State, and
14 out-of-State standards vary and a lot are different
15 compared to the standards that Pennsylvania sets. So for
16 New Jersey, they may not have had an emissions testing done
17 in a couple years. A Delaware vehicle might not have had
18 emissions testing in a couple of years. And from the
19 pictures that we've provided and the portable flash drive,
20 you will see that some of these vehicles have just
21 completed a State inspection outside of the Authority at
22 some mechanic and they're still being presented to us for a
23 regulatory inspection with lug nuts missing off the wheels,
24 bald tires, bent vehicle frames, and just this morning I
25 was notified that a TNC vehicle was presented on a

1 reconstructed title. The car was salvaged and is now out
2 that working as a TNC.

3 MAJORITY CHAIRMAN GODSHALL: Well, there's
4 always, you know, one or two here or there but at the same
5 time --

6 MS. KIRLIN: Sure.

7 MAJORITY CHAIRMAN GODSHALL: -- you know, those
8 same vehicles operate up in my area and Scott's area in
9 Doylestown, you know, that they do down in Philadelphia,
10 and we don't have a problem.

11 MS. KIRLIN: Yes, Mr. Chairman. I think what
12 we're trying to do is to -- because we only see such a
13 small limited of cars that we want to make sure that we
14 have a proper patrol out there to just ensure --

15 MAJORITY CHAIRMAN GODSHALL: Who's making sure
16 that they're okay up in my area?

17 MS. KIRLIN: That's under the PUC.

18 MAJORITY CHAIRMAN GODSHALL: Oh, okay. Well, and
19 we're not sure that they're doing a good job, so --

20 MS. BROWN: We're doing an excellent job, Mr.
21 Chairman.

22 MR. PETRI: If I might just interject because I
23 did make a strong opinion, and it is my opinion based upon
24 what I've observed the last five months. Any good
25 regulator -- and certainly the PUC and the PPA are good

1 regulators -- will do the best they can with the money that
2 is available to it. And so based upon the resources that
3 we have, we are doing the best job. I just don't believe
4 it's what the public deserves and needs. I think they need
5 more.

6 MAJORITY CHAIRMAN GODSHALL: Thank you. I've
7 gotten a budget here that was handed to me, and I just want
8 to ask a couple questions on the budget. In one of the
9 things here was fringes of \$400,000. What are fringes?
10 I've never seen that in a budget in my life, and I've been
11 involved with a lot of them.

12 MR. PETRI: So Deputy O'Connor's going to try and
13 talk about the budget. I can tell you this. We are one of
14 the few entities that pays the full actuarially required
15 payments to the city on pensions. Our members and our
16 employees, including myself, are members of the city
17 pension plan. So depending upon the status and when they
18 were hired, if they're original in the J plan, those fringe
19 numbers can be quite strong. But they represent the actual
20 required payment for the staff.

21 MAJORITY CHAIRMAN GODSHALL: Well, the pension is
22 listed here --

23 MR. PETRI: Okay.

24 MAJORITY CHAIRMAN GODSHALL: -- as \$115,000, but
25 it says fringes, just under \$400,000.

1 MR. PETRI: Okay. So that's medical insurance.

2 MAJORITY CHAIRMAN GODSHALL: Then it has
3 miscellaneous expenses, and I've never seen that in a
4 budget before.

5 MS. O'CONNOR: Well, miscellaneous expenses, we
6 could get a detailed report of any kind of expense that we
7 pay at the taxi, limo, and TNCs. That's a very minimum
8 amount. It's basically if it's coded where you have a
9 miscellaneous. It's something that doesn't happen
10 regularly such as you buy -- I don't even know. Like you
11 fix something that you normally haven't fixed in like 10
12 years. It might not fit into a clean bucket like
13 equipment, so it goes under miscellaneous expense.

14 MAJORITY CHAIRMAN GODSHALL: Another one that I
15 looked here was professional fees, about \$540,000.

16 MS. O'CONNOR: Professional fees are very high in
17 this division. Basically, that covers all the litigation
18 that's involved with this industry. We are basically in
19 court probably once every two weeks, meaning Commonwealth
20 Court, Supreme Court. A lot of times you have an outside
21 agency law firm helping us with these cases, so basically
22 we have to pay them.

23 MR. PETRI: Yes, the easiest way for that number
24 to reduce for those that are regulated in the room is just
25 simply stop suing.

1 MAJORITY CHAIRMAN GODSHALL: Okay. The last one,
2 you know, and here I'm not going to go on, but it says
3 support, \$1,040,000. What's that?

4 MR. PETRI: Okay. So support is allocated among
5 the various groups, so if you take the accounting function,
6 you take legal, you take my salary and the like, those get
7 allocated by percentage of gross revenue to all the areas.
8 So there'd be a support number for staff to the airport,
9 there's on-street, off-street, so all of those numbers get
10 allocated. They're the staff that help run the entire
11 operation.

12 MAJORITY CHAIRMAN GODSHALL: Okay. I just looked
13 at this, and this was unusual.

14 MR. PETRI: Yes, sure.

15 MAJORITY CHAIRMAN GODSHALL: You know, I mean,
16 I've seen these items like this in a budget. Usually,
17 they're itemized like medical is itemized, pension is
18 itemized, and so forth. And I just thought it was an
19 unusual way, you know, of doing it.

20 MR. PETRI: Yes. And, Mr. Chairman, we had
21 offered to testify in front of the Appropriations
22 Committee, but obviously, with time limitations, they
23 probably couldn't fit us in. But if at any point in time
24 somebody wants a detailed examination -- we're a right-to-
25 know office -- we're more than willing to provide all the

1 detail that you may need.

2 MAJORITY CHAIRMAN GODSHALL: Thank you. And we
3 have one final group -- or two left. We have the limousine
4 operators, Steve Rhoades, President of Philadelphia
5 Regional Limousine Association; Anthony Viscusi, President,
6 Global Limousine; Jordan Sands, President, Hollowsands
7 Luxury Limousine; and Michael Barreto, Eagle Chauffeured
8 Services. Gentlemen, whenever you're ready.

9 MR. RHOADES: Thank you. Good morning, Chairman
10 Godshall, Chairman Caltagirone, the esteemed Members of the
11 Committee, and their staff. I want to thank you for
12 letting us testify on Act 164 of 2016 and the impact it has
13 made on the limousine industry as far as doing
14 transportation in Philadelphia, the City of Philadelphia,
15 and the Philadelphia Airport.

16 My name is Steve Rhoades, President of Rhoades
17 Limousine Service. To the left of me is Mike Barreto from
18 Eagle Transportation. To his left is Anthony Onorata,
19 Anthony Limousine. To my right, Anthony Viscusi, Global
20 Limousine, and to his right is Jordan Sands from
21 Hollowsands Limousine. We would like to express our
22 concerns about the impacts this has taken on, the act as
23 far as the limousines, and our main focus is the
24 assessments. We are open to an open dialogue and a public
25 dialogue. We will answer any questions you have following

1 our testimony.

2 I would like now at this time to pass this on to
3 Anthony Viscusi from Anthony Limousine.

4 MR. VISCUSI: Good morning, Commission.

5 I've operated as a PUC carrier since 1975, and
6 over those years, of course, my company has grown and
7 always abided by the regulations that the PUC had in place.

8 In '05, of course, we had the introduction of the
9 PPA and another series of regulations that we had to abide
10 by. I think I could speak for all of our members that we
11 went along with the program and did the best that we
12 possibly could to address all the new regulations.

13 At this point in time I would just like to state
14 for the record that we are still willing to cooperate with
15 the PPA. We see that there's a need for them, certainly,
16 in the taxi industry, not so much for us. But we do
17 request that they review the way the assessments are done
18 and if there is any differences between us and the taxi and
19 the TNCs, this should certainly be documented and
20 justified.

21 I have no other comment. I'd just like to put
22 that into the record. Thank you.

23 MR. SANDS: Thank you. Good morning, Committee,
24 Chairman Godshall.

25 I feel I'm on familiar grounds. I was here back

1 in 2010 giving testimony back then about the harshness and
2 brutality that the PPA had set upon our industry.

3 In the last eight years, we feel like our
4 industry as a whole has been treated as the red-headed
5 stepchild to the taxicab enforcement problem, as well as
6 the new TNC evolution that they have had to come regulate
7 both on a PPA and PUC level.

8 With that, we feel we have, over the years,
9 challenged legally and won. We have gone into Federal
10 court behind closed-door proceedings in a request of
11 Federal Judge to mediate to make negotiations well and
12 heard so that we can be able to operate without being
13 overly regulated.

14 We have accepted regulation ever since inception,
15 as Tony has identified, in our industry. The problem now
16 is that we feel like we are being taken advantage of and
17 being used as a litmus for budgeting purposes through the
18 PPA in order for them to create their budgeting by allowing
19 and keeping us at a per-vehicle assessment while TNCs and
20 taxicab are allowed to be assessed at a gross revenue
21 percentage per year.

22 From what we have seen and what we have felt, no
23 matter any time we tried to go to negotiation with the PPA,
24 their past leadership more importantly has heard it in one
25 ear and thrown it out the door the back and has done

1 nothing to help us. We have accepted regulatory oversight
2 for three decades, and we sit here today concerned that Act
3 164 has truly shown a huge change in what's happened to us.
4 Before 2016, we were assessed a regulatory fee per vehicle
5 of \$404 per vehicle. That's fine. We accept that. For
6 the assessment for 2016, that rate jumped to \$848 per
7 vehicle with no reason why. But coincidentally that same
8 year, Uber then agreed to be regulated by the PPA at
9 whatever amount it was, so we could only try to put two and
10 two together that, you know, overregulating us and getting
11 extra fees from us to help accommodate for new regulatory
12 enforcement that goes on the record. We don't know.

13 You know, we are here today, though, because we
14 feel we have a great opportunity to finally have parity
15 across the board where we want to be regulated the same way
16 that both the taxicabs and TNCs are by revenue gross versus
17 revenue per vehicle.

18 We have challenged, we have fought. We are very
19 self-reliant upon ourselves. We are blue-collar
20 individuals in this room. We make a hard dollar every day.
21 When we hear numbers that we just heard from others that
22 have the testimony today of 20,000 vehicles and only 700
23 vehicles being inspected, and yet we're required at 1,500
24 vehicles that we are regulated by the PPA, and 25 percent
25 of our vehicles are supposed to be inspected yearly? And

1 inspections yearly again? Do the numbers. You only have
2 to be in fifth grade to realize there's a huge disparity
3 there. We are self-regulated.

4 You know, it's very simple, and it's kind of
5 funny. In the testimony back in 2010, Executive Director
6 at the time Vince Finnerty said there's no difference
7 between taxicabs or limousines except that I stand on a
8 corner, I put my hand up for a hail. So if there's no
9 difference today, why aren't we being put in the same
10 situation as them and have the same assessment per revenue
11 as opposed to assessment per vehicle?

12 Anything?

13 MR. RHOADES: Would you like to add some?

14 MR. ONORATA: Yes. Hi. Anthony Onorata from
15 Anthony Transportation Group doing business as Anthony
16 Limousine.

17 You see our testimony in writing. We're here
18 today before you as just people in your district, just
19 everyday people trying to make a living and with the staff
20 that we provide and hire to try to make a living.

21 I heard some of these numbers like \$51 million
22 was generated because of a particular company, and yet the
23 number that supposedly they're paying back is, I don't
24 know, \$1-2 million. I don't have all my notes. Be fair.
25 All we're asking is for everyone to be fair with us. How

1 can you impose a tax without giving any advance notice when
2 we get back to per car when the PPA charged these folks --
3 and I'll round off the numbers -- \$400 per car per year to
4 \$840 with three or four weeks' notice? How does one
5 survive? How does one budget for something like this?

6 Another thing that frustrates me over the years is
7 we're known as the Philadelphia Regional Limousine
8 Association. And the word limousine kind of has a funny
9 meaning of sorts. The word limousine kind of went out the
10 door when the economy crashed in 2008. Basically, yes, we
11 have limousines, some of us, but we run regular sedans,
12 regular luxury sedans. The margins are not there, folks.
13 We have to get the money from somewhere. Be fair. We want
14 to pay something that's fair.

15 We recognize that there's a problem in
16 Philadelphia. We've tried to come to the table. We've
17 tried to have dialogue. I don't think it was fair
18 dialogue, so we're here today to get through to everyone on
19 an even playing field through legislation because the
20 dialogue isn't working. We've tried to do that before we
21 came today. It's not working.

22 I believe in this system. That's why we're here
23 today. I'm excited to be here today to represent my
24 company, my employees. People that live in your districts,
25 they're employees of the State of Pennsylvania. We're

1 here. We're local. We don't come out from other cities.
2 We want to pay what's fair, but be fair. Let us survive.

3 And I'll pass it on. Sorry. I could go on and
4 on, but thank you.

5 MR. BARRETO: Good morning. I just wanted to
6 quickly address some of the things that the PPA stated
7 today. So the TNCs are about 20,000-plus vehicles
8 operating in the City of Philadelphia. That number is
9 definitely higher. PPA admits that there's about 1,500
10 limousine vehicles operating under the PPA regulatory
11 authority. PPA claims it needs about \$850,000 to regulate
12 the limousine side, which is about \$566 per vehicle. But
13 if you go by the same calculations on TNCs, 20,000
14 vehicles, that would equate to \$11,300,000 in a budget, but
15 yet they only need \$4 million is what they claim here
16 today. Well, that's about \$200 a TNC vehicle it costs them
17 to regulate. They're charging us what their own admission
18 is \$566. And again, by their own admission, we need far
19 less regulation because much of what we do is self-
20 regulated. If there is any issues with our vehicles, our
21 clients won't book with us; they just book with somebody
22 else. But with a TNC, you don't have that choice.

23 So the numbers don't add up, how it costs them
24 \$200 per TNC vehicle to regulate but yet they have more
25 issues but it costs them \$566 per vehicle of us in which we

1 need less regulation. So if we want to see the same parity
2 of regulation, if it's a per-vehicle assessment that we
3 have to take on, then so be it. Then reduce it to \$200 and
4 then take every TNC vehicle and charge them \$200. It's the
5 same regulation. If it's an assessment base per trip, then
6 we want to be assessed the same way. It costs them more
7 money to regulate a TNC, but yet the charge is more than
8 double. It doesn't make any sense, and that's all I have
9 to add today. Thank you.

10 MR. RHOADES: I would just like to add one thing.
11 When the assessment went -- was it 2016 to \$840? Am I
12 correct?

13 MALE SPEAKER: Eight hundred and forty dollars.

14 MR. RHOADES: Eight hundred and forty from 404,
15 that is the year we took them and we filed a Federal
16 lawsuit against them. And just quickly, through
17 negotiations, the last negotiation we had with the PPA in
18 front of a Federal Judge, we did get it reduced to \$500 for
19 that year with an agreement to go up to \$550 the following
20 year, but what was said in that hearing -- and I need this
21 to be known -- that they did agree in front of the Federal
22 Judge verbally that they would agree to help push this --
23 get us parity and get us on a percentage or on the same
24 level of assessment as everyone else. Thank you.

25 MR. SANDS: Also, one more thing. Getting back

1 to data, we were asked by the PPA for various points of
2 data. We did provide that data, and so where is the
3 legislation there in regards to the PPA in providing that
4 data?

5 Also, I don't believe we were fairly considered
6 at the table last time. I'm sorry. I lost my train of
7 thought.

8 We won't take forever here, but I just want to
9 make sure that the room identifies one thing. The idea of
10 limousine regulation was brought up four times out of all
11 the times regulation was talked about here today by PPA,
12 PUC, Uber, Lyft, and so forth. I can't speak for the
13 taxicabs; they haven't spoken yet. So please make that
14 aware to yourselves. We regulate ourselves. We have a
15 higher esteem of service that goes back for decades. We
16 are constantly remaking ourselves, rebuilding ourselves,
17 and trying to find ways to create margins that we can
18 survive, especially when we're overly regulated.

19 At this point, if we don't have any other
20 commentary, we open up questions from the Committee.

21 MAJORITY CHAIRMAN GODSHALL: Do you people have
22 any problems with the PUC in their regulations around
23 Pennsylvania or is it just --

24 MALE SPEAKER: No, sir [inaudible] --

25 MAJORITY CHAIRMAN GODSHALL: -- really the

1 problem --

2 MALE SPEAKER: -- whatsoever.

3 MAJORITY CHAIRMAN GODSHALL: -- arising in
4 Philadelphia?

5 MALE SPEAKER: It's -- go ahead.

6 MALE SPEAKER: Even before the PPA became
7 involved, the relationship between the ground
8 transportation industry and the PUC was extremely well
9 taken. We knew the inspectors. The inspectors did their
10 random inspections when they had to. It was very cordial.
11 It was very friendly. It was never combative. I've never
12 seen in my time of being a PUC authority holder did I ever
13 see an authority like the PUC come out of left field and
14 just completely change the way we were assessed to a per-
15 vehicle basis. We were always assessed by a percentage.
16 So our relationship with the PUC, we applaud and we wish
17 that, you know, the PPA would take more steps to align
18 themselves with the way the PUC regulates us.

19 MAJORITY CHAIRMAN GODSHALL: Thank you.
20 Representative Quigley?

21 REPRESENTATIVE QUIGLEY: Thank you, Mr. Chairman.
22 Thank you, gentlemen, for your testimony.

23 If we could go back to 2005 because that was the
24 example I brought up. That was my first term here, and I
25 remember two limousine companies, very small companies

1 approaching me back in '05 not only about the dollar
2 assessment but the inspection requirement. So from 2005
3 until now on the inspection side has anything changed
4 dramatically or has there been any additional, you know,
5 for lack of a better term, burden to your industry or your
6 businesses from 2005 to the present on the inspection part
7 of it?

8 MR. RHOADES: We are I think it's 25 percent of
9 the whole industry that the PPA is supposed to inspect, and
10 I believe we did get the inspection reduced. Did we, in
11 that -- I don't --

12 MALE SPEAKER: Yes.

13 MR. RHOADES: -- know the --

14 MALE SPEAKER: Yes.

15 MR. RHOADES: -- dollar amount off the top of my
16 head, but the fee was reduced. But we still are required
17 -- they're still required -- it's 25 percent I do believe
18 of the entire limo industry that's registered down there in
19 Philly to be inspected.

20 REPRESENTATIVE QUIGLEY: And is that once every
21 year you have to do that or just those cars --

22 MR. RHOADES: Twenty-five percent of them every
23 year.

24 REPRESENTATIVE QUIGLEY: Every year, okay. And
25 you physically have to go to Philadelphia to an inspection

1 center or a site to do that?

2 MR. RHOADES: Right. We have to go to the PPA to
3 their inspection center. You know, we have to pay a
4 driver, it's the gas, it's the wear and tear on the car --

5 REPRESENTATIVE QUIGLEY: Right.

6 MR. RHOADES: -- it's the time that we have to
7 pay on top of the fee for the inspection just to do it.
8 When our cars are inspected, our cars are inspected at
9 least once a year --

10 REPRESENTATIVE QUIGLEY: Right.

11 MR. RHOADES: -- but I got to tell you, in our
12 limousine world, our cars are in -- we have a maintenance
13 program. Every one of these gentlemen here and the people
14 in our association has a maintenance program, and every --
15 I'll tell you what mine is. Every 5,000 miles, that car
16 comes in for maintenance, grease, oil change. It goes up
17 on the lift. Its tires are checked, exhaust, everything.

18 REPRESENTATIVE QUIGLEY: Right.

19 MR. RHOADES: But we are self-regulated. We go
20 over and above on our maintenance.

21 MALE SPEAKER: Also, just to bring to the
22 Committee's attention, we as transportation operators, the
23 limousine stigma still carries with us. We still have to
24 -- well, I know every company here has a U.S. DOT and ICC
25 FMCSA number which requires us to be regulated by the

1 Federal Government as well to make sure that we have proper
2 insurance in line with what we do. So, once again, we
3 embrace and have to be overregulated, and we still roll
4 with the punches and we're able to survive and to operate
5 as legitimate operators in the State of PA, as well as
6 federally across State lines. So, you know, we do -- with
7 our inspections and how we are able to self-regulate is a
8 lot different than how the taxicab industry for years or
9 the TNCs have come about.

10 You can't compare a TNC vehicle operator
11 inspection to an inspection that we do considering that if
12 we hold a BA plate by the Pennsylvania Fleet Department, we
13 are now required to biannual inspections of our vehicles at
14 an inspection station versus yearly. So there's a lot of
15 things that we have in place that we are required to do
16 above and beyond, not to mention the fact that we hold the
17 note on the vehicles we operate ourselves and we employ the
18 people that operate our vehicles. We pay the taxes, wages,
19 FICA, workmen's comp on all those individuals that work for
20 us, and we still are able to survive and thrive somewhat,
21 but we're looking for parity today when it comes to the
22 assessment.

23 REPRESENTATIVE QUIGLEY: And just one thing, can
24 you explain the inspection process that you have to go
25 through with the PUC? How does that work?

1 MR. ONORATA: When a PUC officer comes randomly,
2 he will pick what car he wants to inspect and then look at
3 the vehicle file, look at the maintenance, look at the
4 history, get under the car, lift the hood. I believe --
5 and correct me if I'm wrong -- there's just a simple site
6 inspection with the PPA.

7 REPRESENTATIVE QUIGLEY: Okay.

8 MR. ONORATA: It's a matter of driving --

9 REPRESENTATIVE QUIGLEY: Okay. So with PPA you
10 have to go to them to get it done, but --

11 MR. ONORATA: The PUC --

12 REPRESENTATIVE QUIGLEY: -- the PUC comes to you.

13 MR. ONORATA: Right.

14 REPRESENTATIVE QUIGLEY: And is there a fee you
15 have to pay to the PUC? Do they assess a fee for that?

16 MR. ONORATA: There is no fee. We have to pay a
17 fee to the PPA, yes.

18 REPRESENTATIVE QUIGLEY: Okay. All right.

19 MR. ONORATA: That's correct, sir.

20 REPRESENTATIVE QUIGLEY: All right. Thank you
21 for your testimony, gentlemen.

22 DEMOCRATIC CHAIRMAN CALTAGIRONE: Representative
23 Neilson.

24 REPRESENTATIVE NEILSON: Oh, are you the new
25 Chairman? Does that mean I don't have any time limit here?

1 I'm just asking. I just want to ask you, first of all, we
2 heard a lot about parity and all, and this legislation here
3 we're dealing with today is talking about a per-fee
4 assessment to be equal and on the same playing field is
5 what you're asking us today to do. What do you think that
6 per-fee assessment should be on the taxi and on limousine?

7 MR. RHOADES: Well, the way I understand, they
8 are assessed on their gross revenue.

9 REPRESENTATIVE NEILSON: What this legislation is
10 proposing is that we put a -- instead of regulate them like
11 that we put a 50-cent charge on that --

12 MR. RHOADES: On top of that or just that would
13 be it?

14 REPRESENTATIVE NEILSON: That would be it is my
15 understanding.

16 MR. RHOADES: That --

17 REPRESENTATIVE NEILSON: If I'm understanding
18 this correctly. This is going to be it, right? In place
19 of that gross revenue piece, the proposal was to change it
20 to a 50 cent per trip.

21 MALE SPEAKER: There is legislation currently
22 that is going to be introduced probably by day's end or
23 next day that will be addressing those issues.

24 REPRESENTATIVE NEILSON: Okay.

25 MR. RHOADES: And whatever it is, we just want to

1 be treated equally --

2 REPRESENTATIVE NEILSON: Right. That's what
3 we're --

4 MR. RHOADES: -- across the board.

5 REPRESENTATIVE NEILSON: That's what I wanted to
6 see, if you had any idea what that fee would be just to get
7 that on the record today because that's something -- we
8 talked about self-regulating and your inspections and stuff
9 like that. The --

10 MALE SPEAKER: The current -- I apologize.

11 REPRESENTATIVE NEILSON: All right. Right.

12 MALE SPEAKER: You or me, you tell me.

13 REPRESENTATIVE NEILSON: Well, it's me. I'm
14 trying to ask a question. You interrupted me. Go ahead.
15 You got something you want to add to that or --

16 MALE SPEAKER: When we were with the Judge in the
17 Federal chambers, we had talked about the assessment where
18 we would like it to be at on a percentage basis. We had
19 talked anywhere between 2 and 1 percent to 1.2 percent.

20 REPRESENTATIVE NEILSON: All right. Okay. This
21 is -- okay.

22 MALE SPEAKER: Also to add to that, we had come
23 up with about 750,000 trips a year. Doing the math, it
24 would be somewhere around \$1 or \$1.50.

25 REPRESENTATIVE NEILSON: A dollar? Okay. Thank

1 you.

2 MALE SPEAKER: Yes.

3 REPRESENTATIVE NEILSON: Yes, that's what we want
4 to see how that compares because I heard some numbers
5 thrown out earlier today, and I was just looking at that.

6 Self-regulating, you talked about how you take
7 your vehicles off at 5,000 miles and make certain -- well,
8 you do oil change, the tires looked at, everything, all for
9 safety of the passengers within and the public in general.
10 We heard about the need for some more of these other
11 inspections of the TNCs. You have spot inspections by the
12 PUC. You go down to the PPA if you're operating in
13 Philadelphia and get those other inspections. Do you
14 believe that for these other vehicles on the street that
15 they should be handled and more inspections should be done
16 on them?

17 MR. RHOADES: I feel that, yes, because they're
18 not self-regulated. They kind of are, but in that
19 department, it's an individual that owns the car, and
20 nobody knows how many times they send that -- or do they
21 have a maintenance program of their own? It's a lot of
22 individuals out there and a lot of different people that
23 think, well, I'm just going to run this car and make some
24 money with the TNC or do they stop and really think, well,
25 I better put this thing on some type of schedule here that

1 it needs to be done. So yes, I do.

2 I mean, we have liability. As owners of these,
3 we have a lot of liability hiring men and women to be out
4 there driving our vehicles, and we have a lot of trust in
5 them. And along with that goes the maintenance of the
6 vehicle to make sure they have a safe vehicle to drive.

7 MALE SPEAKER: As far as the suggestion for you,
8 we have noticed in the State that there is novice bumper
9 stickers that are put on for novice drivers that have just
10 gotten their driver's license. There's no objection to
11 people putting those bumper stickers on their bumpers to
12 identify a novice driver. Considering that TNCs are
13 getting no training whatsoever of safety awareness behind
14 the road, it might behoove the Commonwealth to look at
15 identifying those vehicles by some kind of marking to
16 identify that they are a TNC-operated vehicle in the State.

17 According to statistics this morning, Uber has
18 stated there's almost 70,000 TNC operators in the State of
19 Pennsylvania. How many vehicles are operating in the State
20 of Pennsylvania that we have no idea or the Commonwealth
21 has no idea is operating for hire? That's a huge number.
22 So if you're looking for a way to identify, a simple way
23 that's already a process in place with PennDOT as novice
24 bumper stickers for intermediate drivers and new drivers,
25 that might be a way to go. It definitely would gain more

1 idea of what, you know, an enforcement officer or a police
2 officer might be looking at when they're doing a site
3 inspection or looking for those vehicles to inspect.

4 REPRESENTATIVE NEILSON: And you brought up a
5 good point. And as I travel up and down the turnpike, I
6 see limousines, I see taxi tags, I see all that, but I've
7 never seen a shared-ride tag or something like that. I
8 appreciate your testimony and coming here today, gentlemen.

9 That's all I have, Mr. Chairman.

10 MAJORITY CHAIRMAN GODSHALL: Thank you. Thank
11 you, gentlemen, for your testimony.

12 MR. RHOADES: Thank you.

13 MAJORITY CHAIRMAN GODSHALL: And we have one
14 final testifier, the Pennsylvania Taxi Association, Everett
15 Abitbol, 215 Get A Cab. And I apologize if I mispronounced
16 that name.

17 MR. ABITBOL: That's fine. Good I guess early
18 afternoon, everybody. Chairman Godshall and the Committee
19 here, I want to thank everybody for taking the time.

20 I'm actually not going to read the testimony that
21 we submitted just to save some time and maybe build a
22 better dialogue between the Committee and myself as to
23 where things stand today as it relates to taxi.

24 One of the things that Representative Neilson
25 brought up at the tail end of his questions related to

1 parity, and I think that's the biggest question here is
2 where is there an equal playing field both on a regulatory
3 standpoint and on the standpoint of cost, that things can
4 stand between both the TNC, taxi, limousine, and what we
5 call the for-hire vehicle industry?

6 Little things that are different about us, taxi
7 versus anybody else that's testified in front of you today
8 is, unlike any of the other operators, we paid a per-
9 vehicle fee. And those per-vehicle fees for the rights to
10 provide transportation to Philadelphians were upwards of
11 \$500,000. So at some point in time transactions north of
12 \$300 million have taken place in the taxicab industry in
13 Philadelphia alone to allow a single individual to drive a
14 single taxicab and cannot grow his fleet past that single
15 taxicab unless he had the means to acquire another
16 medallion. Medallions are not new in Pennsylvania and
17 they're not new around the country.

18 Just to give you a little background on myself,
19 I'm an operator in five cities where I either own taxicabs
20 or taxicab services, and at one time my industry and my
21 business personally was worth north of \$100 million. I
22 have services in New York, in Boston, in New Orleans, in
23 Chicago, and in Philadelphia, but Philadelphia is where I
24 live and have been here since 2003.

25 There's approximately 1,670 medallions in service

1 -- and I'm just going to give you some bullet points here
2 because I think it's important -- of which 11 to 1,200 are
3 probably in operation. It's still unclear how many are off
4 the road. And there's been a 40 percent drop in revenue
5 since the introduction of TNCs, and medallion transfers are
6 essentially nonexistent. I believe the last transfer took
7 place at about \$35,000 for a medallion. And in a market
8 where there's no financing, there's no elasticity, so you
9 might sell one a month or two a month.

10 There is a financial crisis on hand in the
11 Philadelphia taxi industry. Hundreds of confessions of
12 judgment and foreclosure actions have been filed by banks
13 and credit unions, some of which have actually been
14 conserved themselves, the largest being Melrose Credit
15 Union, which has been taken over by the NCUA, for their
16 insolvency, who's now going after medallion owners for
17 their insolvency.

18 Taxi, unlike anybody else -- and I think what we
19 heard a lot today is TNC and limo have the privilege of
20 self-regulation, and that seems to be the theme that's come
21 from the Committee here as to where for-hire vehicle
22 regulation is headed. Taxi is still overly regulated. If
23 I tell you that I have to present a vehicle registration
24 application to the Parking Authority for a stamp and
25 physically present it and drive it to Harrisburg to attain

1 a registration while everybody enjoys the ability to do
2 this online, that's what I do each month for my fleet.

3 MAJORITY CHAIRMAN GODSHALL: Is that the same in
4 all the other cities that you operate in?

5 MR. ABITBOL: No, it's not. Taxis also have a
6 metered tariff, which doesn't allow us to compete on
7 pricing. I think one of the biggest attractions to TNCs --
8 and I think most people can agree that Philadelphia is a
9 meds and eds city -- the eds love the fact that it's
10 inexpensive for the most part. We did talk about surge
11 pricing, but every time I check my phone, it's definitely
12 cheaper to go to the airport in a TNC than it is in a
13 taxicab. However, I have the inability to deploy my fleet
14 to drivers to try and earn something that would be below
15 the minimum wage. They just simply won't drive. What we
16 have found is that the surge has maybe done some help for
17 taxi because as they surge, people start calling taxis
18 again or using our app.

19 We've also found that, because of the stressors
20 of north of 20,000 vehicles on the street, those career
21 drivers have started to come back to taxicab because it's
22 become more difficult for them to earn a living. So there
23 is some hope not from a financial aspect of our industry in
24 the rebirth of a medallion but from actually sustaining
25 what we have on the road.

1 One of the things -- and they're not represented
2 here -- Pittsburgh Yellow came up very early on in the
3 conversation, and I think the PUC, which has a different
4 approach to registration, has provided Pittsburgh Yellow
5 with the ability to have its own TNC license. I traveled
6 to Pittsburgh three or four months ago, and I spent about
7 four days there taking trips and meeting with my
8 counterparts at Pittsburgh Yellow. I was pleased to see
9 that their app worked wonderfully. Most of the daytime
10 pickups were by taxicabs and the nighttime pickup requests,
11 which were on the same taxicab app, were being fulfilled by
12 TNC drivers, who were mostly part-time drivers and people
13 who were doing this as a second means of income.

14 In Philadelphia, however, we would face a \$50,000
15 fee to the Parking Authority in order to attain this
16 license. These are things that we no longer have the
17 ability to afford. Under the Public Utility Commission,
18 that license or that application costs, I believe, \$250.

19 And what it has done, and truthfully what we face
20 is that, because so many of our cars are out of service, we
21 can't meet the demand requests. I think what the TNCs have
22 shown all of us is that there's a huge demand for for-hire
23 vehicles, and there's a less reliance of ownership of cars.
24 And we receive demand that we cannot fulfill because, A) We
25 don't have medallion owners who want to participate in this

1 system anymore or have been shut out because of financial
2 conditions; or, truthfully, because we don't have the
3 ability to grow and wane our fleet based on a TNC model,
4 which is something Pittsburgh Yellow is using right now.
5 We'd like to see some of those things change.

6 Back to Representative Neilson, it makes a lot
7 more sense to just simply come up with a per-vehicle flat
8 fee in which a budget, which I believe the PUC said was \$2
9 million to regulate their fleet of vehicles and the Parking
10 Authority needs somewhere in the realm of \$5 million, in my
11 estimation that would equate to about a \$200 fee across the
12 board for everybody. And as Uber continues to have their
13 growth and success as new vehicles come on, they would be
14 adding a \$200 fee per car.

15 It seems to get us to a number that makes a lot
16 more sense rather than trying to add a 50-cent surcharge,
17 which taxis are very much against because we are not priced
18 competitive right now. That 50 cents really means
19 something on our meter because it compounds with a gas
20 surcharge that currently sits on the meter. So the moment
21 you get in a taxi in Philadelphia, it's \$2.70 plus 60 cents
22 plus 50 cents. You know, \$4 just to open up our doors is
23 quite different because I could take most rides in
24 Philadelphia between Broad Street and Old City for about \$4
25 in a TNC.

1 So we want to stay competitive, and by doing
2 that, that means that the parity here is probably on a per-
3 vehicle basis or it might just be leaving taxi completely
4 out of this because we paid for the rights for these
5 streets. We paid north of half of a million dollars per
6 license to be able to access the for-hire vehicle base.

7 There are some things that are not in parity, and
8 we feel that under some of the changes that the Parking
9 Authority is looking to make to Act 164 are causing
10 concern. Our vehicle aid requirements are far lower than
11 that of TNCs. And, you know, we're taxis so we're marked.
12 We have dome lights. We're very easy to pull over and
13 inspect. Of the seven officers at the Parking Authority, I
14 typically can find two of them at the train station every
15 day inside of a line inspecting our cars regularly because
16 we're visible, whereas TNCs are not as visible. They blend
17 into the landscape of every other private auto inside of
18 Philadelphia.

19 I don't have to explain the changes in congestion
20 and traffic as more for-hire vehicles come into play. I'm
21 sure the Committee knows about this.

22 And what I would like to point to is a one-pager
23 that I put together for the Committee just to give you guys
24 a little bit of insight into the other cities I operate in
25 and how things work with taxi and TNCs there.

1 In New York and Washington, D.C., which I would
2 say are the two closest cities and comparative cities to
3 Philadelphia, New York you actually must have a commercial
4 plate on the vehicle that's providing TNC service, so they
5 go through a process through the TLC to acquire an actual
6 tag and a professional license from the TLC in order to
7 provide Uber and Lyft services. Those vehicles must only
8 be registered with the TLC and not anywhere else in the
9 State of New York to provide services in New York.

10 Washington, D.C., allows vehicles -- and they
11 geofenced this -- that are basically in the D.C. metro
12 areas, so in Maryland, Virginia, and D.C. plate and driver
13 can service those areas.

14 In Philadelphia, we've opened this up to every
15 State in the United States of America, and on a daily basis
16 I see vehicles come in from Vermont, Ohio, Indiana, plates
17 that are providing TNC service. I understand it serves
18 their model well to have a lot of supply, and it probably
19 drives down cost for the consumer, but it has created a
20 little bit of a hazard for the other for-hire vehicles that
21 are providing services in Philadelphia. It's gotten
22 difficult just to pick up and drop off people on curbside
23 because there are so many cars on the street.

24 We're a steadily dwindling industry both from a
25 fare standpoint and a vehicle standpoint, which I've given

1 you some of that info on the right-hand side. And just in
2 comparison, you know, each one of those colorful cars
3 represents 1,000 vehicles. And we've got about, you know,
4 one of those compared to about 20 of those. Therefore, we
5 feel that our contribution to any type of regulatory budget
6 that the Parking Authority presents has to have some
7 parity. We just don't cost the same as it would to enforce
8 rules and regulations on 20,000 or so vehicles.

9 I thank everybody for their time. If anybody has
10 any questions of me or my experience in other cities or
11 this in Philadelphia, I'm happy to answer.

12 MAJORITY CHAIRMAN GODSHALL: Representative
13 Charlton.

14 REPRESENTATIVE CHARLTON: Thank you very much,
15 Mr. Chairman.

16 You had mentioned recently medallion values
17 around \$35,000, and you were seeing them trading, you know,
18 maybe one a month. Can you talk about what that
19 interaction, what those values were before TNCs were
20 predominantly prevalent in this city?

21 MR. ABITBOL: Sure. So the Parking Authority was
22 likely transacting about 100 medallions annually to 120
23 medallions annually at a price between \$400-500,000, of
24 which the Parking Authority took 3 percent as a transfer
25 tax that went towards their budget. So we were a very

1 profitable business for the Parking Authority when
2 transfers -- well, pre-TNC I should say.

3 REPRESENTATIVE CHARLTON: Sure. And then you
4 also -- for the taxes, there's a 1 percent assessment
5 applied. Is that on the meter or is that on the driver?
6 How is that assessed?

7 MR. ABITBOL: Yes, that's kind of the area that
8 became of confusion between medallion owners who are always
9 required to pay a per-vehicle fee, and when this changed --
10 so we are not inside of the revenue stream of a driver,
11 unlike a limousine or a TNC in which they have a negotiated
12 rate with the customer and the company, as well as TNCs do.
13 There's a metered rate, so a driver has the freedom to take
14 my car and sit at home all day if he really chooses to, but
15 we hope that they go out and provide service to
16 Philadelphians. And that 1 percent in our understanding
17 was supposed to be off of our lease revenue, in which I do
18 pay that in other cities, meaning I present in the same
19 fashion in which, you know, Uber and Lyft have some self-
20 auditing abilities.

21 I provide -- and like I did with the PUC years
22 ago, here's my leasing revenue, and I pay 1 percent of
23 that. Now, I am basically paying 1 percent of the driver's
24 revenue, which really never -- a percentage of that makes
25 it -- it's way back to me as a company. So I don't share

1 the meter with the driver. I have a daily rental rate.
2 The industry basically works where we rent a car. The
3 driver can earn \$300, the driver could earn \$75. I've just
4 charged him a \$33 rate to rent the car.

5 So we're kind of paying right now based on driver
6 earnings, which has really kind of put, you know, a bad
7 taste in the owners' mouths because there are things that
8 we don't have control over. I mean, you know, we actually
9 stopped doing a lot of training in vehicle on my fleet in
10 our garage because every time we'd turn the meter on or
11 show the driver how to take an airport fare, I'm paying for
12 it. So now we have to have like a single terminal inside
13 the office so that we're not paying for those fees of test
14 runs or runs that a driver never collects money on. And we
15 ended up seeing that our average assessment for a vehicle
16 at the 1 percent rate is fluctuating between \$400 and \$800
17 a year per car.

18 REPRESENTATIVE CHARLTON: One more question,
19 Mr. Chairman, if you don't mind.

20 Can you talk about some of the interactions
21 between taxicabs and TNCs both inside the city and then
22 outside of the city, you know, their different
23 jurisdictions?

24 MR. ABITBOL: My business is primarily in
25 Philadelphia.

1 REPRESENTATIVE CHARLTON: Okay.

2 MR. ABITBOL: I do talk with a lot of the
3 Pittsburgh guys because their company that owns them owns a
4 number of fleets in other cities, and we've tried to pull a
5 lot of the good stuff that they've done in Pittsburgh and
6 try and copy it in Philadelphia. I know it's a much more
7 laid back regulatory approach and more self-regulation for
8 Pittsburgh taxicabs than it is for Philadelphia taxicabs.

9 You know, I have a long history with the Parking
10 Authority, most of which I've enjoyed. You know, when
11 medallions were worth a half-a-million dollars, there was
12 nobody better to put up a barrier of entry, you know, than
13 an authority who was incentivized by doing so. You know,
14 the more hurdles they made for people to operate taxicabs,
15 it made my medallion more valuable. But that has gone, and
16 I don't believe that will ever come back. I don't see the
17 value in someone buying a medallion that allows you to
18 operate one car when you could have a limo license that,
19 hey, if you do a great job, you put more cars on the road
20 or a TNC license that allows you to kind of, you know,
21 cross-share a population of 25,000 people that want to
22 either drive full-time, part-time, or for one day.

23 REPRESENTATIVE CHARLTON: All right. Thank you,
24 Mr. Chairman.

25 MAJORITY CHAIRMAN GODSHALL: Representative

1 Quigley.

2 REPRESENTATIVE QUIGLEY: Thank you, Mr. Chairman.

3 Thank you for your testimony.

4 So just to go a little deeper into the earnings
5 of a taxi driver versus a TNC driver, so already with the
6 regulations that have been in place, you know, forever,
7 let's say, is the taxi driver already at a disadvantage
8 from the potential for him to earn money compared to a TNC?

9 MR. ABITBOL: I would tell you yes, and the
10 reason I say that the driver is at a disadvantage in taxi
11 is because the cost of regulations associated with that are
12 far higher than that with a TNC. And the business model
13 has been set up really under the confines of owning a
14 physical asset, so there's a lot of expense that comes
15 along with running a medallion. You know, even those
16 things aren't worth a half-a-million dollars anymore, 90
17 percent of this industry still has a loan that's probably
18 settled around \$200-250,000, which is unsustainable in this
19 market. That's why you've seen so much of this financial
20 crisis.

21 And truthfully, you know, I was -- I'll call
22 myself a good operator. I always had banks that, you know,
23 trusted me and millions of dollars of acquiring these
24 things, as well as vehicles, and it's tough today just with
25 the, you know, black eye that taxi wears because TNC is

1 such a favorable service with such a huge valuation to
2 borrow money on cars.

3 So replacing this -- my business is very capital-
4 intensive, as is the limo industry. I have to buy cars
5 every year. You know, the TNCs are using, you know, other
6 people's cars to, you know, execute their business model.
7 And it's a smart business model. I understand it, you
8 know? And I think, you know, Chairman Godshall, you've
9 explained where it creates great value, you know, in areas
10 that were never serviced by taxicabs.

11 You know, taxicabs -- and I remember testifying
12 in front of -- in this building 10 years ago, and I said
13 we're woefully short on medallions. There were 1,600.
14 Where did that number come from? We really should have
15 been at 3,000 medallions, you know, way back when because
16 our city was growing. We went from, you know, a population
17 of under a million to a population of a million and a half,
18 and a lot of that has taken place, you know, south of
19 Fishtown, north of the stadium, you know?

20 So for us, we've handcuffed ourselves with the
21 financial kind of model that existed around taxi, and the
22 drivers are becoming a byproduct of that.

23 REPRESENTATIVE QUIGLEY: Going forward, as it
24 relates to registration, in your opinion, is there anything
25 that could be done on the registration side that would

1 make, for lack of a better term, a fair playing field
2 between the taxi driver and the TNC driver?

3 MR. ABITBOL: Yes. I think that a lot of the
4 administrative side of the registration needs to be
5 rethought just in allowing businesses to move at the speed
6 in which they need to to, you know, emulate things that
7 limousines and Uber and Lyft have done. I think that taxis
8 having a flexible TNC license associated with our existing
9 dispatch license is critical because when I get 600 calls
10 on a Friday night because college kids are going out and
11 people want to get to the train station and the airport and
12 I simply can't fulfill demand because we have a second
13 customer. It's the person who picks up his hand, right, on
14 the corner of 5th Street or Broad Street.

15 And I don't have the same controls that Uber and
16 Lyft or a limousine company have. I have an independent
17 operator model. You know, if a driver decides not to pick
18 up a call that I send him, that's his prerogative. You
19 know, he's permitted to do so as an independent operator,
20 and he can decide to work a train station, airport, or all
21 the street all day long, you know?

22 So for us, that would be one big step forward I
23 think. I think another step forward is to get our costs in
24 line with what it really costs to regulate this for-hire
25 vehicle business. And I could tell you that I would think

1 that the limousines, taxis, and TNCs would be on the same
2 page at a flat \$200 a vehicle and maybe even get close to
3 the numbers that the PPA wants to achieve as far as
4 revenue, right, because I've seen the budgets as well.

5 REPRESENTATIVE QUIGLEY: Right.

6 MR. ABITBOL: And I believe that there's a need
7 for a regulator, and I believe that the regulator has a
8 need for people. I mean, you know, I've had to reposition
9 my staff and we went from a staff of, let's say, 35 people
10 to about a staff of 14 people now. And I've watched the
11 Parking -- I'm their neighbor. I own the building next
12 door to them, so I see a lot of stuff that goes on on a
13 daily basis.

14 And it's not been fun to watch people that you
15 worked with for 10 years, 12 years, who have provided a
16 valued service on helping you with your registration
17 renewals or doing your, you know, annual medallion renewal,
18 you know, it's hollowed out over there. And I'm not
19 advocating by any sense for the Parking Authority here, but
20 I feel that there is a fee that everybody's going to pay
21 that should have some parity. Attaching ours to the meter
22 can't happen. We just are not affordable to customers.
23 Driving it off of a percentage of the meter is tough
24 because I don't earn the meter.

25 REPRESENTATIVE QUIGLEY: Okay. Thank you.

1 MAJORITY CHAIRMAN GODSHALL: Representative
2 Neilson.

3 REPRESENTATIVE NEILSON: Thank you, Mr. Chairman.
4 Thank you for your testimony today.

5 A couple quick questions. You do operate in New
6 York, right? I always thought New York was -- I may or may
7 not go there a couple times a year, and their taxis are
8 very expensive. What's it cost when I get inside a taxi in
9 New York?

10 MR. ABITBOL: So right now, you're all in at
11 about -- depending on time of day because in New York,
12 surge pricing exists in taxicabs. They have what's called
13 a surcharge hour during rush hour and weekends. And you
14 could be in a taxicab anywhere between \$3.25 to \$4.25.

15 REPRESENTATIVE NEILSON: As soon as I get in.

16 MR. ABITBOL: As soon as you get in.

17 REPRESENTATIVE NEILSON: I think you mentioned a
18 number that this is going to be \$4 here.

19 MR. ABITBOL: Yes, we're expensive here. And
20 we're not New York, Philadelphia, you know. We don't
21 have --

22 REPRESENTATIVE NEILSON: Oh, we're way better
23 than New York in Philadelphia, and I agree with you. So
24 yes, I agree with you.

25 You talked about commercial plates. Do other

1 cities that you -- that was just brought up at the last
2 testimony as well. The other cities that you operate in,
3 do they all have commercial plates?

4 MR. ABITBOL: Only New York has commercial plates
5 on the vehicle.

6 REPRESENTATIVE NEILSON: New York.

7 MR. ABITBOL: Yes.

8 REPRESENTATIVE NEILSON: All right. I'm trying
9 here. So you want to be on the same playing field as --
10 I'm trying to move, Chairman. He gets angry when I talk a
11 lot. I ask a lot of good questions, though.

12 These other States that you operate in and you
13 see these TNCs all over the place, do they regulate out-of-
14 State drivers in any way? It's my understanding that New
15 York may be able to shut some people --

16 MR. ABITBOL: New York and D.C. does.

17 REPRESENTATIVE NEILSON: And can you tell us how
18 they do that? I mean, they shut them down for different
19 periods is my understanding.

20 MR. ABITBOL: I believe that's just a geofence,
21 that if you're not registered with a Maryland, Virginia --
22 and they could probably answer better than I could, but if
23 you're a Pennsylvania plate and you're coming for the night
24 down to D.C. and you turn on your driver app, it just
25 doesn't allow you to accept fares.

1 REPRESENTATIVE NEILSON: So there's a way that
2 they can allow us to not allow other State drivers to come
3 into our State?

4 MR. ABITBOL: Well, yes, I mean they're a data
5 company, right, so their valuation --

6 REPRESENTATIVE NEILSON: That's what they're
7 saying.

8 MR. ABITBOL: -- is based off how good they could
9 do all of that.

10 REPRESENTATIVE NEILSON: And I think you
11 explained it pretty well on how the industry for taxis are
12 going down. Do you have previous numbers? Like we say now
13 there's about 1,400. I mean, 10 years ago, maybe 3,000? I
14 mean --

15 MR. ABITBOL: In Philadelphia, the number was
16 always 1,600.

17 REPRESENTATIVE NEILSON: Sixteen hundred.

18 MR. ABITBOL: And when it was 1,600, every car
19 was working, every shift was maximized, and I could tell
20 you from 2007 through 2013, you know, my worst days were
21 Friday nights because I had to tell 10 or 15 drivers, I'm
22 sorry, I don't have a car for you. That's definitely not
23 the case now.

24 REPRESENTATIVE NEILSON: And I don't want to get
25 into your personal business, but I would think the margins

1 for each one of those drivers and/or operators, the amount
2 of income --

3 MR. ABITBOL: Yes.

4 REPRESENTATIVE NEILSON: -- has significantly --

5 MR. ABITBOL: Yes, I mean --

6 REPRESENTATIVE NEILSON: -- dropped, right?

7 MR. ABITBOL: -- gas prices have gone up and a
8 driver, you know, pre-Uber was earning about \$115,000 gross
9 a year, which netted out after his lease and gas expenses
10 to anywhere between \$60-80,000 a year, and that was a good
11 living. He's working hard. Driving a taxi is not easy.
12 And my margins on a vehicle were north of about -- I had
13 about \$14,000 a year in marginal contribution per car in
14 Philadelphia. Philadelphia was, by the way, the second
15 most profitable city that I operated in, trailing New York.
16 But New York's an anomaly because of the amount of people
17 there. But it was a great market for this.

18 REPRESENTATIVE NEILSON: But you chose your home
19 to be in Philadelphia --

20 MR. ABITBOL: I did.

21 REPRESENTATIVE NEILSON: -- and we just want it
22 for the record that it's a much better city of champions we
23 may add this year, Mr. Chairman, as well, and I'll be done
24 with that one. Thank you for coming today, everyone.

25 MR. ABITBOL: Thank you.

1 MAJORITY CHAIRMAN GODSHALL: Thank you. And I
2 just have one follow-up question. In the cities you
3 operate in, the complaints from riders, rider complaints,
4 is there a great disparity between the cities that you
5 operate in or is it relatively --

6 MR. ABITBOL: The only city that we really don't
7 get complaints is in New Orleans. Maybe it's a party town
8 and people are just having too much fun to think about
9 complaining, but it's just I have very little. In
10 Philadelphia and Chicago, because there's a dispatcher and
11 there's an actual centralized business that's taking in
12 calls, you see more complaints than New York. New York's
13 anonymous. It's everything is yellow, so to make a
14 complaint in New York, you got to figure out, oh, I was in
15 Medallion 1V44. I'm going to contact the TLC or dial 3-1-1
16 and it takes your time. With us, you know, somebody
17 doesn't like what a driver's doing, they call 215 Get A Cab
18 immediately. The car's marked, they know how to reach
19 them, and that's the biggest differences that I see.

20 MAJORITY CHAIRMAN GODSHALL: So it's basically in
21 the pickup or something rather than the vehicle or --

22 MR. ABITBOL: We've seen complaints on, you know,
23 a number of things, but we're pretty -- you know, listen,
24 as limo is, we're a business, so we wear our brand on our
25 sleeve literally.

1 MAJORITY CHAIRMAN GODSHALL: Right.

2 MR. ABITBOL: Our cars are marked, so we have to
3 try and resolve any issues with a customer as best we can.
4 Even if it's on behalf of the driver, we take those steps.

5 MAJORITY CHAIRMAN GODSHALL: We will have the
6 other Members of the Committee picking up the testimony
7 that you had, and I'd like to thank all the presenters for
8 their testimony and note that written comments for
9 inclusion in the record were submitted by the Insurance
10 Federation of Pennsylvania.

11 And if there are no further questions from
12 Members, the meeting is adjourned, and I say thank you very
13 much.

14 MR. ABITBOL: Thank you, everybody, for your
15 time.

16
17 (The hearing concluded at 12:03 p.m.)

1 I hereby certify that the foregoing proceedings
2 are a true and accurate transcription produced from audio
3 on the said proceedings and that this is a correct
4 transcript of the same.

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