



PRESS RELEASE
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For Immediate Release

Hundreds of Taxi Workers Headed to Public Safety Committee To End Underground Economy of Permits

Members of United Taxi Workers of San Diego (UTWSD) and community partners are headed to the Public Safety and Livable Neighborhoods Committee at 1pm today to rally for a proposal that would give drivers the ability to compete in the market while also driving down costs and increasing service to the public.

“The City of San Diego should vote in favor of a more open permit system. The open entry system would help improve the lives of the drivers, increase the competitiveness of San Diego’s taxis, improve economic opportunity and working conditions of taxi drivers, and improve safety and convenience for consumers,” explained Sarah Saez, Program Director of UTWSD. “Deregulation, in this case, promotes an entrepreneurial principle to earn an honest wage by allowing taxi drivers the right and ability to manage their own businesses.”

Current permit holders have expressed concern about losing a so-called “investment” on their permit and criticize drivers ability to maintain their own businesses. However, Institute for Justice researchers have found, “Evidence for systemic market failure in taxi markets is thin.” Economist Adrian Moore, Ph.D., of the Reason Foundation, a nonprofit think tank, advised that there has been no evidence of oversaturation of the market in other cities.

Secondly, permit holders have speculated on the scarcity of the permits. “In San Diego, the City has the legal authority to lift the cap. The investment argument fails because as the City Attorney points out, permits are a license, not a property right. The permit holders are not losing their permits, and any increased, speculative nature has no constitutional value.” underscores Emily Howe, Esq. “The current system has permitted anti-competitive, collusive practices which have endangered the public because lease drivers fear retaliation and have been terminated for speaking out about vehicle safety and dangerous working conditions.”

Regulation of the taxicab industry is a traditional subject of the police powers of the city. Courts have consistently invalidated agreements that impair police powers. In 2007, in *Cotta v. City and County of San Francisco*, the reviewing court upheld San Francisco’s authority to offer a benefit to taxis and later reduce the benefits. As seen in Milwaukee last week, a federal judge denied permit holders lawsuit against City’s lifting of a taxi cap after determining that it’s not in the best interest of the public for qualified drivers who seek permits not to able to obtain them.

Finally, many drivers already work as business people and own their own vehicles, merely leasing the right to use the permits at high costs exceeding \$515 per week. As drivers are often viewed as independent contractors under California law, taxicab drivers are already expected to purchase tools, equipment, and supplies as well as maintain their own businesses. In practice, lease drivers will be able to afford the newly released permits because an entrepreneur can start a taxicab company with a small initial investment. Currently, many former lease drivers have received loans for UBER and LYFT vehicles, which are significantly less than their current leases. Furthermore, local microenterprise programs are available to offer microfinance lending options to drivers who want to purchase their own permit and vehicles.

Overall, economists explain benefits from increased competition include reduced fares, improved service quality, as competition encourages taxi drivers to provide friendly reliable service and clean vehicles, innovations such as shared-ride markets and special services for the disabled, elderly and low-income residents, creating market niches where none had existed. As prices fall and quality improves, customers have increased demand for taxi services. Mikaiil Hussein, President of UTWSD, thanked Council Member Emerald and the Public Safety and Livable Neighborhoods Committee for recognizing inputs from different industry stakeholders. UTWSD also advocates for uniform leases that clearly delineate the rights of drivers and will protect workers from one-sided contracts, retaliation protection, and age limits on vehicles.

“If this goes past committee our next step is full Council. We have been fighting for economic freedom and a safer taxi industry since 2009 and are hopeful that the City will pass this common sense reform,” emphasized Hussein.

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