



**TAXICAB, LIMOUSINE &  
PARATRANSIT ASSOCIATION**

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## ***Rogue Apps:***

### **A Threat to Public Safety and to Equal Access Transportation**

**T**he Taxicab, Limousine & Paratransit Association (TLPA), the oldest and largest transportation trade group of its kind in North America, considers certain smart-phone apps such as Uber, to be “rogue” services operating outside of the public’s best interests. This briefer explains why such apps are a danger to public safety and operate in violation of community standards for taxi and limousine transportation in terms of passenger safety, access, non-discrimination and regulated fares.

The professional, for-hire fleet transportation industry is solidly in favor of using technology to enhance the passenger experience. The industry has been at the forefront of these changes well before they were required by regulators. These include using GPS technology to provide faster service, installing credit card readers for cashless transactions, and yes, creating our own apps and working with responsible app companies like Taxi Magic, GoFastCab and Cabulous to integrate smart-phone electronic hailing through our computerized dispatching systems.

Technology is embraced by our industry, as are responsible regulations. Yet many of the apps operating today create an uneven playing field with two very different sets of rules for companies dispatching vehicles: one that imposes regulations and their associated costs, and another that deploys a dangerous, “hands-off” approach that is putting the public, low-income neighborhoods, the disabled, and the elderly, at a serious disadvantage.

#### ***Background***

Several such rogue apps are now operating in US cities, and none of them is licensed or regulated as a taxicab and/or limousine company to ensure the public’s safety, with the exception of Uber’s limousine operation in New York City. Smart-phone apps that choose to dispatch trips directly to self-certified drivers, rather than through licensed dispatch systems, place the passenger at risk. The passenger is not assured of being transported in a properly insured, publicly inspected vehicle operated by a driver who has cleared a criminal background check and who is required to provide nondiscriminatory, community-wide transportation service at a pre-set, regulated taxi fare. Rather, the passenger is placed at-risk for personal safety, uninsured accident claims, fare gouging and other illegal activity.

#### ***Rogue Apps Are Unregulated Taxicab Companies***

Despite being self-described as “technology companies,” these apps are in fact acting as taxicab dispatching companies. They accept on-demand calls from passengers, forward calls to drivers, handle payments from passengers and in many cases charge according to mileage and time. For example, Uber equips each driver

with a smartphone that provides information for the fare based on time and GPS readings ([http://dcist.com/2012/08/uber\\_getting\\_in\\_trouble\\_with\\_massac.php](http://dcist.com/2012/08/uber_getting_in_trouble_with_massac.php) and <http://www.quora.com/Uber-1/What-is-it-like-to-drive-for-Uber>). These devices are so imprecise the federal government has not approved them for determining ground-transportation fares.

If these rogue apps continue to operate as taxicab companies they should be regulated as such. Otherwise, there is no oversight in place to ensure that the driver is a licensed taxicab driver and to make certain the vehicle being dispatched to pick up the passenger is licensed as a taxicab and is insured to provide commercial-transportation service in the municipality in which it is operating. Without oversight there is no mechanism in place to ensure the app adheres to the local regulations and ordinances governing taxicab services in the best interests of the public ([http://www.windelsmarx.com/news\\_detail.cfm?id=144](http://www.windelsmarx.com/news_detail.cfm?id=144)).

### ***The Danger in the Fine Print***

Currently, apps such as Uber will not accept a fare until the passenger agrees, when applying for an account online, to onerous terms and conditions that attempt to absolve the company of any and all legal recourse (<https://www.uber.com/legal/terms#>). If a driver commits a crime against the passenger or causes an accident, Uber asserts that the passenger has no legal right to sue Uber for damages. In that case, the passenger would likely sue the illegal driver (if the driver is not licensed to provide taxi service), or the legal, regulated transportation company of a legal driver—even though that company had nothing to do with arranging the transportation.

### ***Just How Safe Are These Drivers?***

Rogue apps do not assure passengers that drivers have passed a government-regulated background check. This is a dangerous business practice that could allow convicted rapists, murderers or felons behind the wheel of a for-hire vehicle. If apps wish to provide transportation for the public, they should abide by the same requirements for background checks as the rest of the industry.

### ***Regulation Protects Public Access and Prevents Discrimination***

In many municipalities there are regulations governing a number of service parameters such as response time to calls, acceptance of cash and requirements for service to the elderly and disabled.

In Chicago, for example, regulations require that taxi-company owners maintain a certain percentage of their fleet with vehicles that are wheelchair-accessible (<http://www.cityofchicago.org/dam/city/depts/bacp/rulesandregs/rulesfortaxicabmedallionholders.pdf>). These accessible taxis cost, on average, around \$40,000—35% more than the new Toyota hybrids (around \$26,000) and about four times the cost of a used Ford Crown Victoria. Ongoing maintenance costs are significantly higher for these accessible vehicles as well. In addition, the licensed Chicago taxi companies are mandated to pay \$275 per month to a central dispatching service for *each* accessible vehicle. In total, it requires the revenue of two standard taxis to compensate for the financial losses from operating one accessible vehicle.

Rogue apps—those which bypass taxicab and/or limousine regulations—typically have no wheelchair-accessible vehicles signed on for service and do not provide this service to the disabled.

### ***Regulation Protects Poorer Underserved Neighborhoods***

Numerous major cities have requirements that taxicabs provide vehicles to poorer underserved neighborhoods—areas where drivers might not otherwise operate. As unregulated entities, rogue apps are under no directive to serve these neighborhoods. Underserved neighborhoods are generally less affluent, and these residents would be less likely to afford an app's surcharges such as Uber's, which is typically 40 to 60

percent higher than the regulated taxi meter rate (<http://bits.blogs.nytimes.com/2012/01/08/disruptions-taxi-supply-and-demand-priced-by-the-mile/> and [https://twitter.com/uber\\_nyc/status/194823315087572993](https://twitter.com/uber_nyc/status/194823315087572993) and [http://news.cnet.com/8301-30685\\_3-57338236-264/car-service-uber-raises-\\$32-million-launches-in-paris/](http://news.cnet.com/8301-30685_3-57338236-264/car-service-uber-raises-$32-million-launches-in-paris/)), or even to afford a smartphone in the first place. Low-income passengers also typically pay with cash, which is not accepted by apps.

### ***Cherry Picking the Best Fares Opens Door to Discrimination***

For the taxicab industry, serving the disabled and underserved can be a profit-neutral or profit-negative proposition, yet legitimate operators serve these neighborhoods not only because they are required to do so, but because they understand that the missions of publicly licensed transportation companies is to serve the *public*. Not just the *affluent public*. Rogue app companies typically serve only the most affluent passengers who have smartphones and credit cards, who are able to pay higher fares, and who are the easiest to transport. By taking a piece of the most lucrative sectors of the taxicab market without serving any of the corresponding unprofitable sectors these rogue apps threaten and degrade the legitimate taxi industry's ability to fund service to the physically disabled and to underserved communities.

One of the most heinous and potentially discriminatory practices includes an Uber feature that allows drivers to rate passengers (<http://www.quora.com/Uber-1/Do-Uber-drivers-actually-rate-their-passengers>). This feature enables drivers to easily identify and discriminate against individuals who may require significant additional assistance, such as wheelchair users.

### ***In Conclusion:***

- Rogue taxicab/car-service apps that bypass taxicab and/or limousine regulations may place the passenger at physical risk. The passenger is not assured of being transported in a properly insured, publicly inspected vehicle by a driver who has cleared a criminal background check.
- These apps place the passenger at increased financial risk for uninsured accident claims, fare gouging and other illegal activity.
- Rogue apps circumvent community regulations and standards that guard against discrimination to poorer customers and the physically disabled.
- By cherry picking the most lucrative fares available, these apps downgrade the legitimate taxicab industry's financial ability to offset profit-neutral or profit-negative services provided to physically disabled customers and poorer communities—and will ultimately degrade the overall local taxi environment.
- Because rogue apps operate outside industry regulation, new features may intensify discrimination against customers. For example, a current Uber feature, which allows drivers to rate passengers, could enable drivers to avoid those requiring physical assistance.

Established in 1917, the Taxicab, Limousine & Paratransit Association (TLPA) is a non-profit trade association of and for the private passenger transportation industry. Its extensive membership spans the globe to include 1,100 taxicab companies, executive sedan and limousine services, airport shuttle fleets, non-emergency medical transportation companies, and paratransit services.

For more information, please visit [www.tlpa.org](http://www.tlpa.org).