

Testimony of Mary Alice Moore Leonhardt, Esq.

Transportation Committee Hearing
House Bill 6349, An Act Concerning Ride-Sharing Companies and Drivers

March 2, 2015

Members of the Committee, thank you for the opportunity to submit written testimony on House Bill 6349, An Act Concerning Ride-Sharing Companies and Drivers.

My name is Mary Alice Moore Leonhardt. I am an attorney in private practice with the law firm Rome McGuigan, P.C. in Hartford, where I practice in the area of administrative law, healthcare law and litigation. I have represented taxicab and livery service operators across the state for more than 25 years as general counsel and consulting counsel. This work has included assisting them with their licensure and certification along with regulatory compliance activities, insurance coverage, fleet expansion efforts, and cooperation with regulatory inspectors to eliminate the gypsy taxicabs and livery operators. A substantial part of my work has also included representation in hearings at the state DOT as well as securing DMV approvals in connection with the regular inspection of the taxicab and livery fleets. Over the years, the laws and regulations governing taxicabs and livery vehicles have been updated to better ensure passenger safety, driver compliance with anti-discrimination laws (making them personally responsible for violations and subject to fines), vehicle safety and regular vehicle inspections for proper brakes and mechanical suitability, anti-price gouging provisions, driver accountability and measures to ensure the public convenience, and necessity was met while still maintaining a level playing field for a competitive market.

I am speaking today on behalf of legally authorized taxicab and livery service operators that provide taxicab and livery services throughout Connecticut, and their association, the Taxicabs and Livery Council of Connecticut, Inc., which fosters and promotes the taxicab and livery industry in Connecticut. These taxicab and livery operators have collectively cooperated with the state DOT and the DMV over the years to ensure consumer safety and that the public's service needs for transportation for hire is met. This group **supports** legislation which would continue the regulation of companies that coordinate, dispatch, and/or operate for-hire taxicab and livery transportation and it opposes attempts to de-regulate the taxicab and livery industry in Connecticut by permitting Uber Technologies, Inc. and similar companies to operate without being subject to the same regulatory mandates.

Uber is a foreign corporation which claims it is not a taxicab or livery service. Our group maintains Uber operates rogue taxicab and livery transportation services, and deceives customers as to, *inter alia*, the fares they must pay, the safety of the vehicles and drivers transporting them, the extent of insurance coverage, the legality of the offered services, and its drivers' compliance – or lack thereof – with anti-discrimination laws. Uber, like many of the companies I represent, provides a modern technology “smart app” used by its drivers and customers to “hail” a taxicab or livery vehicle on demand. This is simply a more modern version of the past traditional “on demand” transportation for hire dispatching methods used by many companies via two-way radio dispatch, although currently much of the dispatching is done through smartphone and tablet applications (“apps”), and other global positioning systems.

Many of the Connecticut approved taxicab and livery companies get paid by

“ride sharing” – that is, the proceeds from the ride get paid to the driver and the driver pays a portion over to the certificate holder. Thus, Uber and other so-called “ride sharing” companies which began operation in this state last spring are not doing anything different except using a more modern technology to “hail” taxicabs and livery vehicles. Since they came into the state, these rogue operators have diverted thousands of customers from the hard working legally authorized and approved drivers to private individuals who perform the trip and then share in the profits, without paying taxes to the state. As you have heard or will hear from the drivers, there is not enough work to keep them busy because the Uber drivers are taking their customer trips in an already saturated marketplace.

To ensure that the public has access to safe and uniform means of vehicle-for-hire transportation, the State of Connecticut has developed a number of laws and regulations to protect the riding public since the 1920’s. The Connecticut legislature has given the DOT authority to regulate “all aspects of the planning, development, maintenance, and improvement of transportation in the state” including the “[i]mprovement in the transportation of people and goods within, to and from the state by rail, motor carrier or other mode of mass transportation on land is essential for the welfare of the citizens of the state and for the development of its resources, commerce and industry.” *See* Conn. Gen. Stat. §§ 13b-3, 13b-32. Dovetailing with the regulatory authority granted to the DOT are the statutes that grant the DMV the authority to promulgate such regulations as are necessary to “enforce the provisions of the statutes concerning motor vehicles and the operators of such vehicles.” *See* Conn. Gen. Stat. § 14-3.

The DOT, pursuant to the powers vested in it by the Connecticut legislature, enacted regulations pertaining to the provision of taxicab and livery service in the State of Connecticut. Taxicab regulations are codified at Regulations of Connecticut State Agencies (“Regs.”) §§ 13b-91-1 through 13b-91-51, while the livery regulations are codified at Regs. §§ 16-325-1 through 16-325-26. Additionally, information pertaining to the prerequisites that must be met to obtain endorsements for the legal operation of taxicab and livery vehicles is codified in DMV regulations at Regs. §§ 14-44-1, *et seq.*

Taxicab and livery companies must abide by these laws and regulations promulgated over decades, designed to protect consumers, ensure public safety, safeguard competition, and ensure non-discriminatory services. Taxicab and livery companies have invested significant capital and resources to develop systems and infrastructure that ensure regulatory compliance and provide adequate consumer protections. Connecticut’s taxicab and livery regulations use three fundamental methods of ensuring that taxicab and livery service is safe, reliable, and non-discriminatory.

First, the DOT issues a finite number of taxicab Certificates and livery Permits. A taxicab or livery vehicle cannot operate legally in Connecticut without authorization (*see* Regs. §§ 13b-96-1(3) and 16-321-1), and taxicab and livery vehicle owners must have vehicles that meet strict requirements concerning age, condition and installed equipment (for example, taxicab meters, protective dividers, and luggage barriers).

Second, every person interested in operating a taxicab or livery vehicle must apply for and obtain a plate pursuant to the authority granted to each company, whether it be for taxicab or livery.

Third, every lessee or driver must comply with extensive rules of conduct promulgated by the State of Connecticut (for example, requirements for dealing with handicapped passengers, allowed fares and charges, anti-discrimination requirements, and prohibitions on cell phone use).

From a practical point of view, the so-called “ride-sharing” companies such as Uber and similar companies should be subjected to the same regulatory mandates as are the taxicab and livery companies. A summary of some of the current pertinent regulatory requirements is attached to my testimony. By maintaining the current regulatory scheme and subjecting Uber and other like companies to the same mandates for insurance, vehicle inspections, and driver fitness and background checks, along with other consumer-protective regulations, the safety of the public is protected and we will hopefully avoid the many tragic occurrences you have heard and read about suffered by passengers who have ridden in these “ride-sharing” vehicles operated by Uber and others. That is to say, wouldn't Connecticut's consumers be far better off if the drivers of these Uber-dispatched vehicles were subjected to the same public service licensure evaluations and criminal background checks that the taxicab and livery drivers must submit to?

On May 6, 2014, because of Uber's failure to adhere to Connecticut's insurance laws and regulations, the Connecticut Insurance Department issued a Consumer Alert titled “Drivers of Ride-Sharing Services Must Be Aware of Potential Coverage Gaps.” The alert goes on to provide: “Drivers who work for transportation network companies may not be covered by their personal automobile insurance policies while driving for hire. This is due to a common exclusion in most personal auto policies for claims arising while driving for hire.” What rational basis possibly exists to expose the consuming public to

the risk of the types of reported injuries from around the nation: rape, assault, vehicular crash-related injuries, price gouging, and discrimination?

Clearly, without the regulations being applied to the drivers for Uber and similar “ride-sharing” operations, the public remains at high risk. This “risk of injury” raises another question: If there is an incident and a passenger is victimized or injured while riding in an Uber, who pays the claim and medical bills? Clearly there is a lack of evidence demonstrating that the riders will be adequately protected during their rides. What the Uber global insurance policy may cover is far less comprehensive than the insurance coverage mandated for taxicab and livery vehicles. It is likely that an Uber driver performing his or her own “personals” – those “ride-for-hire” customer trips they do “off” the Uber books – would not be covered by any commercial or personal insurance policy.

Furthermore, recent reports of Uber’s data security breaches give rise to serious questions regarding consumer protection. Thus, without Connecticut’s regulatory oversight, this state would be without jurisdiction to adequately protect Connecticut citizen’s private, personal, and financial information.

http://bits.blogs.nytimes.com/2015/02/27/uber-driver-database-breached-by-someone-outside-company/?_r=0 (Attached).

I would be happy to discuss these comments or answer any questions you may have concerning the proposed bill.

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