

Ride-Sharing Crackdown Gets Support, Opposition from Aldermen



By [Ted Cox](#) on February 24, 2014 12:23pm | Updated on February 24, 2014 3:38pm

[@tedcoxchicago](#)



Ald. Joe

Moreno rallied UberX drivers and riders against a plan to impose taxi regulations on ride-sharing services in a City Council joint committee meeting Monday. [View Full Caption](#)
DNAinfo/Ted Cox

CITY HALL — Aldermen took sides Monday in a debate over whether to treat so-called ride-sharing services more like taxi companies in a City Council joint committee meeting.

Aldermen Edward Burke (14th) and Anthony Beale (9th) called a joint hearing of the Finance and Transportation committees Monday on their proposed resolution calling on the city to impose its existing taxi regulations on ride-sharing services, or transportation network providers, such as UberX, [Lyft](#) and Sidecar.

The committee ultimately took no action on it, but Burke said he would continue to push the issue to make sure taxi firms, cabbies and consumers are treated fairly.

"Hopefully, this is going to encourage some action," he said.

"The municipal code is still not being enforced," said Burke, chairman of the Finance Committee. He called companies like UberX "de facto taxicab and livery companies in violation of city law." He asked that they be compelled to "adhere to the regulations already in effect."

Beale, chairman of the Transportation Committee, echoed that, calling it an "injustice" to treat them any different from taxis.

But Ald. Joe Moreno (1st) rallied UberX drivers and riders before the meeting, saying Burke and Beale "basically want to kill this industry."

Moreno said comparing conventional taxis with the upstart services was "the difference between the Flintstones and the Jetsons, and we're here to support the Jetsons."

Moreno defended the "innovation" displayed by transportation networks, which arrange rides scheduled through smartphones and paid by credit cards, and called for "common-sense regulations."

Yet Mara Georges, a former city attorney who is now a spokeswoman for the taxi industry, cited those innovations as proof the upstart companies are elitist, adding that they are not required to serve all neighborhoods and all potential customers, including the disabled, the way taxis are.

Michael Shakman sued the city Thursday on behalf of taxi companies including Yellow Cab, saying ride-sharing services like Lyft (l.) should be subject to laws licensing traditional cabs. [View Full Caption](#)
Justin Sullivan/Scott Olson

She pointed to the \$24 million cab companies pay in taxes to Chicago each year and called for the city to "enforce the existing laws" and "level the playing field."

Burke questioned the public policy of undercutting the value of the estimated \$2.5 billion in medallions, which are required to operate a cab and which the city has issued for its 7,000 taxis. He said banks were now reluctant to lend drivers the \$360,000 the city has been asking as a base bid for auctioned medallions, a point confirmed by Richard Antonacci, chief operating officer of Signature Financial.

Burke and Georges both insisted typical auto insurance would not cover cars used for commercial purposes and that additional insurance supplied by the company was likely inadequate in case of any accident.

Burke got the committee to recommend a subpoena for the upstart firms to present their insurance policies, a measure that will have to be approved by the full City Council next week.

The firms did not present representatives to testify at Monday's meeting.

Burke pounded the point that existing regulations were "laws we voted for," adding, "We are sitting here voting for laws nobody enforces?"

"There is nothing innovative about breaking the law," said Matthew Daus, president of the International Association of Transportation Regulators, a nonprofit agency that monitors global regulations and consults on changes to them. "This is complete deregulation."

Taxi firms and cabbies have [sued the city](#) to compel it to enforce its laws against ride-sharing companies, and Daus said the city was in genuine risk of losing that suit at a potential cost of hundreds of millions of dollars.

Daus blamed the rise of the upstart firms on young-adult "millennials" putting cost ahead of public interest, although he granted that conventional cab companies were slow to innovate with smartphone "e-hail" services. "They've been a bit lax," Daus said. "They got caught with their pants down."

Both the [Hailo](#) and [Taxi Magic](#) firms said they were complying with city regulations by using their services to hail licensed cabs and drivers, and their representatives spoke in support of the resolution. (Uber also has a service that hails conventional cabs, but UberX uses its own drivers without a medallion or chauffeur's license.)

Aldermen Brendan Reilly (42nd) and George Cardenas (12th) both seemed receptive to creating some form of second-tier license for ride-sharing services. Reilly sought a "fair but hyper-competitive marketplace" to "drive innovation."

Cardenas pointed to what he called the "over-regulation" of "handcuffed" taxi companies," adding, "You could loosen the regulations on everybody."

Georges welcomed the idea of loosening taxi regulations, saying, "There has to be a level playing field."

Mayor Rahm Emanuel has submitted an ordinance, co-sponsored by Ald. Emma Mitts (37th), that would create a separate license for network transportation providers. As written, it would charge companies like Uber and Lyft \$25,000 a year to do business, and \$25 a driver.

Yet Mitts said the ordinance was a work in progress and would not be ready for consideration before the March City Council meeting. It was not placed on the agenda of Wednesday's meeting of the License Committee, which she heads as chairman.

Mayoral spokesman Bill McCaffrey confirmed that Monday, saying, "Revisions are being considered."