

# MOBILIZING

## FOR FAIR REGULATION & COMPETITION

WITH  
TRANSPORTATION NETWORK COMPANIES (TNCs)



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# MOBILIZING FOR FAIR REGULATION & COMPETITION

ENSURING FAIR, SAFE, AND ACCESSIBLE TRANSPORTATION SERVICES

## KEY ISSUES AND POLICY RECOMMENDATIONS

Taxis, limousines, and app-based ride services - commonly referred to as Transportation Network Companies (TNCs) - provide functionally similar services but are regulated very differently. These disparities distort competition, raise costs, reduce service in some communities, and weaken safety and accessibility goals.

Modernizing transportation regulation promotes fairness, safety, accessibility, and consumer choice without favoring one business model over another.

### INCONSISTENT WHEELCHAIR ACCESSIBILITY REQUIREMENTS

**Issue:**  
Taxis bear disproportionate WAV obligations.

**Recommendation:**  
Standardize WAV requirements across all providers.

### UNEQUAL RULES FOR THE SAME RIDE

**Issue:**  
Traditional taxis and limousines operate under strict local rules while TNCs are governed by lighter statewide standards.

**Recommendation:**  
Align baseline driver, vehicle, and insurance requirements across all providers.

### OUTDATED FARE AND TECHNOLOGY RESTRICTIONS

**Issue:**  
Legacy meter and pricing rules prevent taxis from offering modern consumer features.

**Recommendation:**  
Permit app-based meters, upfront pricing, and dynamic pricing.

### INSURANCE REQUIREMENTS MISALIGNED WITH RISK

**Issue:**  
24/7 commercial insurance mandates raise costs without improving safety.

**Recommendation:**  
Adopt period-based insurance models similar to Arizona.

### FRAGMENTED LOCAL LICENSING

**Issue:**  
City-by-city licensing prevents efficient cross-jurisdiction service.

**Recommendation:**  
Establish statewide baseline standards with locally determined reciprocal operating rights.

### OUTDATED VEHICLE RULES

**Issue:**  
Vehicle age caps increase costs and discourage Electric Vehicles (EVs) and Wheelchair Accessible Vehicles (WAVs).

**Recommendation:**  
Replace age limits with condition-based safety inspections.

### UNEQUAL AIRPORT ACCESS

**Issue:**  
Preferential pick-up access disadvantages taxis and limousines.

**Recommendation:**  
Standardize airport access, fees, and staging rules.



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## **Purpose & Scope**

The taxi and limousine service industries have experienced significant shifts due to technological advancements and evolving consumer preferences, particularly with the rise of app-enabled on-demand services, commonly referred to as Transportation Network Companies (TNCs), such as Uber and Lyft.<sup>1</sup> This report, prepared for The Transportation Alliance Foundation (TTAF) by Matthew W. Daus, Esq. and the University Transportation Research Center at the City College of New York, examines the regulatory challenges faced by traditional taxicab and limousine services and addresses the pressing need for a balanced regulatory environment that fosters competition and improves customer service while ensuring accountability and safety for all ground transportation providers.

Non-Emergency Medical Transportation (NEMT) and paratransit operators were invited to participate in the surveys for this report by selecting the instrument most closely aligned with their licensing or service structure; however, no separate survey instrument was developed specifically for NEMT providers. While their feedback and perspectives were considered in the analysis, it is acknowledged that their operational context differs substantially from that of traditional for-hire vehicle sectors, as NEMT companies' concerns are predominantly contract-driven. Future research is recommended to examine the contractual, reimbursement, and procurement dynamics that shape NEMT service delivery and their implications for competitive equity across the broader mobility ecosystem.

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<sup>1</sup> For ease of reference, this report uses the term “limousine” to refer to pre-arranged transportation booked on an exclusive basis, provided in passenger vehicles, designed for carrying 10 passengers or less, that are licensed to render such service for hire at rates of fare agreed on by the operating licensee, its agent, or the chauffeur and the passengers; it encompasses terms such as black car, executive car, for-hire vehicle, livery, private hire vehicle, and airport car service.

# Executive Summary

Regulation of the taxi and limousine industry has not kept pace with the rapid transformation of the for-hire vehicle market. While Transportation Network Companies (TNCs) typically operate under flexible, statewide frameworks, taxis and limousines are governed by state or locally imposed rules that may be outdated, fragmented, or overly restrictive. These disparities create structural disadvantages that hinder competition, suppress innovation, and reduce service quality for riders and drivers alike.

This report sets forth a clear set of guiding principles and actionable reforms to modernize the regulatory landscape, strengthen consumer protection, and establish a level competitive playing field across all transportation modes. Drawing on national industry surveys, comparative regulatory analysis, and real-world case studies, it identifies practical strategies to help regulators update legacy systems and align oversight with today's mobility realities.

## **A. Guiding Principles**

The following guiding principles provide a foundation for modernizing regulation across taxis, limousines, and TNCs. These principles reflect survey findings, stakeholder feedback, and national best practices. They are designed to help regulators and state legislators evaluate policy options consistently and transparently, without prescribing any specific regulatory outcomes.

### **1. Parity and Competitive Neutrality**

Regulatory structures should promote fair competition by ensuring that taxis, limousines, and TNCs operate under balanced rules that reflect their respective business models. Similar risks and responsibilities should carry comparable regulatory obligations and oversight.

### **2. Safety as a Core Standard**

Passenger, driver, and public safety must remain the baseline across all service types. Background screening, training, insurance, and vehicle standards should be strong, evidence-based, and applied proportionately to the risks created by each mode.

### **3. Consumer Protection and Service Quality**

Rules should promote reliability, accessibility, transparent pricing, and high service standards. Riders should receive safe, predictable, and nondiscriminatory service regardless of the mode they choose.

#### **4. Operational Transparency and Data-Informed Oversight**

Regulatory decision-making should be grounded in reliable data, including trip patterns, service availability, safety indicators, and compliance outcomes. Transparent reporting supports effective enforcement and public accountability.

#### **5. Simplicity and Regulatory Efficiency**

Regulations should be streamlined, clear, and administratively workable. Policies should be re-evaluated to ensure they meaningfully advance public goals and do not create unnecessary burdens, such as duplicative licensing, outdated vehicle mandates, or overly rigid procedural requirements.

#### **6. Flexibility and Responsiveness to Market Realities**

Regulatory models should reflect how the industry actually operates, including changes in technology, demand patterns, and driver workforce structure. Flexibility allows regulators to address emerging issues without hindering innovation or service quality.

#### **7. Accessibility and Inclusion**

All regulatory frameworks should support equitable access for people with disabilities. Accessibility requirements should meet federal regulations, be fairly distributed across modes, and be integrated into long-term planning for fleet composition and service delivery.

#### **8. Regional Coordination and Interoperability**

Travel patterns cross municipal boundaries; regulations should account for this. Baseline standards, reciprocal operating rights, and coordination among jurisdictions support efficient, seamless public mobility.

#### **9. Stakeholder Engagement and Collaboration**

Meaningful engagement with operators, drivers, consumers, disability advocates, insurers, airports, and state/local governments ensures that regulations are grounded in practical realities. Policy decisions should be developed openly and collaboratively.

### **B. Action Plan**

To support a fair, modern, and competitive for-hire vehicle marketplace, this Action Plan outlines targeted reforms that regulators and state legislators can adopt immediately. These actions directly address the challenges identified throughout the report and translate them into clear, practical steps to improve service quality, protect consumers, strengthen industry sustainability, and ensure regulatory parity across taxis, limousines, and TNCs.

## **1. Establish Regulatory Equity Across Service Models**

### *Recommended Actions*

- Apply uniform standards for driver background checks, training, vehicle inspections, and insurance across taxis, limousines, and TNCs.
- Reduce outdated restrictions that uniquely burden taxis (*e.g.*, rigid rate controls, exclusive color schemes, excessive vehicle age limits), unless clearly justified by public safety.

### *Why This Matters*

Regulatory inconsistencies create structural disadvantages for traditional taxi and limousine operators. Equalizing core safety and licensing standards ensures that providers compete on service quality—not on regulatory arbitrage—while protecting riders across all modes.

## **2. Modernize Taxi Fare Structures and Technology**

### *Recommended Actions*

- Authorize soft meters (see page 24), upfront pricing, and dynamic pricing models.
- Enable or require participation in certified e-hail and dispatch apps.
- Allow hybrid fare options, preserving traditional metered fares while supporting customer-friendly digital pricing.

### *Why This Matters*

Modern fare tools give riders transparency, reduce disputes, and help taxis compete with TNC pricing models. Experiences in Washington, D.C. (see page 26) and San Francisco (see page 27) show these reforms increase driver earnings, expand service coverage, and improve customer satisfaction.

## **3. Adopt Period-Based Insurance Models for Taxis and Limousines**

### *Recommended Actions*

- Evaluate adoption of a TNC-style period-based (“app-on/app-off”) insurance framework for traditional taxis and limousines.
- Maintain lower insurance limits when a vehicle is not transporting a passenger, with higher limits only during active trips.
- Avoid blanket increases in minimum liability limits, which raise premiums without corresponding safety benefits.

### *Why This Matters*

Insurance is one of the largest cost burdens identified in industry surveys. Aligning coverage

with actual risk—similar to Arizona’s model (see page 23)—reduces unnecessary costs while maintaining appropriate public protection.

#### **4. Expand Regional Operating Rights Through Reciprocity and State Baseline Standards**

##### *Recommended Actions*

- Create statewide baseline standards for taxi and limousine licensing, insurance, and safety rules.
- Preserve local control over enforcement and fleet-size caps where justified.
- Enable reciprocal operating rights across cities and counties to match regional travel patterns.

##### *Why This Matters*

TNCs already enjoy seamless cross-jurisdictional service. Regional reciprocity allows taxis and limousines to operate more efficiently, reduce deadheading, and meet passenger demand across municipal boundaries without duplicative licensing.

#### **5. Reform Outdated Vehicle Standards**

##### *Recommended Actions*

- Replace rigid vehicle age and mileage limits with performance-based inspections and annual suitability reviews.
- Eliminate required paint/color schemes and replace them with modern trade dress, decals, QR codes, or digital verification.
- Offer longer service life for EVs, hybrids, and wheelchair-accessible vehicles (WAVs) to promote sustainability and accessibility.

##### *Why This Matters*

Outdated mandates increase fleet turnover costs, suppress investment in cleaner vehicles, and limit flexibility. Modernizing these rules supports industry economic viability, improves environmental outcomes, and enhances service availability.

#### **6. Ensure Airport Access Parity**

##### *Recommended Actions*

- Standardize airport permit fees, staging rules, and pickup/drop-off locations across taxis, limousines, and TNCs.
- Include taxis and limousines in airport wayfinding, signage, and digital trip-information systems.

- Strengthen enforcement against unlicensed operators and curbside solicitation (“hustlers”).

#### *Why This Matters*

Airports are among the most important revenue sources for regulated providers. Unequal access harms compliant operators and confuses passengers. Parity ensures safe, orderly, and competitive service at major transportation hubs.

### **7. Strengthen Enforcement and Data-Driven Accountability**

#### *Recommended Actions*

- Implement centralized licensing systems and shared enforcement databases.
- Use digital compliance tools—such as trip logs, GPS verification, and automated insurance validation—to deter illegal and unlicensed operations.
- Increase penalties for unlicensed operators.

#### *Why This Matters*

Illegal operators undermine both public safety and fair competition. Data-driven oversight ensures consistent enforcement and builds public trust in regulated services.

### **8. Enhance Accessibility and ADA Compliance Across All Platforms**

#### *Recommended Actions*

- Standardize accessibility requirements, including WAV availability and response time benchmarks, across taxis, limousines, and TNCs.
- Support central dispatch systems or incentive programs to expand accessible service supply.

#### *Why This Matters*

Some regulators impose significant WAV obligations on taxis that TNCs typically do not share. Equalizing accessibility expectations ensures fairness while improving mobility for riders with disabilities.

### **9. Create a Structured Stakeholder Engagement Process**

#### *Recommended Actions*

- Establish an advisory council of fleet owners, drivers, insurance experts, airports, disability advocates, and regulators.
- Integrate stakeholder input into ongoing reforms related to insurance, fleet size, accessibility, technology adoption, and fare modernization.

- Hold recurring industry/regulator roundtables to assess implementation and identify emerging issues.

*Why This Matters*

Reforms grounded in practical, on-the-ground experience are more likely to succeed. Ongoing industry engagement ensures that policies remain adaptive, effective, and aligned with community needs.

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Implementing these actions will modernize outdated regulations, promote regional mobility, reduce administrative and insurance burdens, and improve the quality and safety of service across all for-hire modes. By applying clear baseline standards, embracing technology, strengthening enforcement, and pursuing equitable insurance and operating rules, regulators can create a more competitive, sustainable, and consumer-focused mobility ecosystem.

## Methodology

This report draws on a mixed-methods research approach combining original survey data, industry perspectives, and regulatory analysis.

Two surveys (collectively, the “**Taxi & Limousine Industry Surveys**”) were designed to capture the challenges and opportunities facing the taxi and limousine industries in the current competitive landscape with TNCs. The surveys were distributed by The Transportation Alliance (TTA) to its members across the United States during the summer of 2025. One survey targeted limousine service (the “**Limousine Survey**”) and the other focused on taxis (the “**Taxi Survey**”), with overlapping question sets to enable direct comparison.

To complement industry feedback, we fielded a questionnaire to a targeted group of commercial auto insurance carriers and brokers (the “**Insurance Survey**”) to gather insights on practices affecting the taxi, limousine, and TNC markets.

All surveys included multiple-choice questions, scaled responses, and open-ended comment sections to capture both quantitative and qualitative insights. Participation was voluntary; responses were anonymized and aggregated. Results for all surveys are reported descriptively (no weighting); percentages reflect the share of respondents to each item and may vary due to item non-response. There were 43 responses to the Taxi Survey, 19 responses to the Limousine Survey, and 12 responses to the Insurance Survey. Although the sample sizes were insufficient to yield statistically significant results, the findings nonetheless provide valuable qualitative insights. Accordingly, the report includes aggregate statistics and selected comments to illustrate recurring themes and issues raised by participants.

In addition to quantitative data, the surveys solicited open-ended responses from participants. These perspectives provide context for providers' experiences and highlight perceived inequities in regulation, costs, and market access.

The survey results were supplemented by desk research on federal, state, and local regulations, as well as a review of existing academic, industry, and government reports. This combined evidence base ensures that the findings are grounded in both industry experiences and the formal regulatory framework.

# I. Background and Context

The regulation of taxicabs, limousines, and TNCs in the United States reflects over a century of evolving technologies, shifting market demands, and changing public policy priorities. This section provides a historical overview of how these services evolved and how efforts to regulate them have shaped the landscape we see today.

In the early 20th century, the rise of motorized taxicabs revolutionized urban transportation, displacing horse-drawn carriages in cities like New York, Chicago, and San Francisco. The industry quickly expanded, but the lack of oversight led to widespread issues, including fare gouging, poor vehicle conditions, and congested streets. Limousines, by contrast, remained a luxury reserved for the wealthy elite. The first stretch limousine was created in 1928 in Fort Smith, Arkansas, primarily to transport musicians in big bands, foreshadowing the vehicle's long association with status and glamour.

The economic hardship of the Great Depression intensified competition among taxi drivers, culminating in violent "Taxi Wars" over fares and territory. In response, cities like New York adopted regulatory frameworks such as the medallion system in 1937, which capped the number of taxi licenses to control supply, improve safety, and professionalize the industry. Meanwhile, limousines gained cultural prominence, being used by funeral homes, paraded in military processions, and adopted by U.S. presidents as their official state vehicles.

From the 1940s through the 1970s, the taxi industry saw heavy regulation across major cities. Caps on fleet sizes were designed to manage congestion and stabilize driver incomes, while fare structures, driver background checks, and vehicle inspections were implemented to protect consumers and the public. However, these restrictions also created artificial scarcity. Medallion prices soared, making it increasingly difficult for new drivers to enter the market and concentrating economic power in the hands of a few owners.

During the same period, the limousine industry expanded significantly. From the 1950s to the 1970s, limos became fixtures among corporate clients and upscale hotels, with Cadillac and Lincoln leading production. By the 1980s and 1990s, stretch limousines had become icons of pop culture, ubiquitous at proms, weddings, and red-carpet events. The market diversified with SUV limos and custom luxury designs.

Around the same time and into the 2000s, several cities experimented with deregulating taxi markets to spur competition and improve service. Cities like Seattle and Indianapolis eliminated caps and loosened entry requirements. The results were mixed: while some consumers enjoyed better service, others experienced fare hikes, inconsistent quality, and consolidation of

fleets that recreated many of the previous market distortions.<sup>2</sup> Seattle re-regulated its taxi market in 1984, just five years after initial deregulation, to address these unintended consequences.<sup>3</sup> During this time, the industry also began to lag technologically, with outdated dispatch systems and limited customer service tools.<sup>4</sup>

The emergence of TNCs in the 2010s—most notably Uber (2009) and Lyft (2012)—fundamentally disrupted the for-hire vehicle landscape. These platforms use smartphone apps to connect riders with drivers using personal vehicles, branding themselves as tech companies rather than transportation providers. This framing allowed them to initially bypass existing taxi and limo regulations, prompting intense backlash from the incumbent industry and public officials. Legal battles erupted in cities like New York, San Francisco, and Austin over licensing, insurance, ADA compliance, and market entry standards.

Supporters of TNCs cited increased consumer choice, lower wait times, and improved convenience. Critics raised concerns about driver exploitation, the erosion of traditional taxi livelihoods, safety risks, and rising traffic congestion. The clash highlighted the complex interplay between innovation and regulation in a rapidly evolving transportation ecosystem.

By the late 2010s and into the 2020s, a more formalized and hybrid approach to TNC regulation began to take hold. States like California led the way by introducing TNC-specific oversight under the California Public Utilities Commission (CPUC) in 2013.<sup>5</sup> The regulatory framework imposed baseline requirements around insurance, driver background checks, vehicle safety standards, and trade dress.

The ripple effects were profound: medallion values plummeted, particularly in cities like New York, where they had once represented significant financial investments. In response, some cities modernized taxi regulations, integrating e-hailing technology, loosening fare caps, and exploring public-sector alternatives to private TNC apps.

As these historical trends demonstrate, the current regulatory landscape is the result of decades of adaptation to shifting technologies, consumer expectations, and market structures. Leveling the playing field today requires a nuanced understanding of that evolution and a commitment to aligning safety, fairness, and innovation across all for-hire vehicle models.

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<sup>2</sup> [www.ftc.gov/sites/default/files/attachments/us-submissions-oecd-and-other-international-competition-fora/ustaxis.pdf](http://www.ftc.gov/sites/default/files/attachments/us-submissions-oecd-and-other-international-competition-fora/ustaxis.pdf); [www.thestranger.com/blogs/2014/02/25/18957655/calls-for-taxi-deregulation-ignore-seattles-history-of-failed-taxi-deregulation](http://www.thestranger.com/blogs/2014/02/25/18957655/calls-for-taxi-deregulation-ignore-seattles-history-of-failed-taxi-deregulation)

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> [www.forbes.com/sites/tomiogeron/2013/09/19/california-becomes-first-state-to-regulate-ridesharing-services-lyft-sidecar-uberx/](http://www.forbes.com/sites/tomiogeron/2013/09/19/california-becomes-first-state-to-regulate-ridesharing-services-lyft-sidecar-uberx/)

## Taxi & Limousine Timeline

Years	Taxi Industry	Limousine Industry
1890s–1900s	First electric taxis in NYC (1897); early motorized taxis began to replace horse-drawn cabs.	The term “limousine” was coined in France (1902); it was imported to the U.S. as a chauffeur-driven luxury car.
1910s	First metered taxis introduced; regulated city cab services emerge.	Limousines were adopted by wealthy Americans and early business elites.
1920s	Growth of taxi fleets in major cities; Yellow Cab Company was founded by John Hertz in 1923.	First stretch limousine built in Arkansas for band transportation (1928).
1930s–1940s	Regulated taxi medallion systems began in cities like NYC (1937).	Used by film stars, diplomats, and for funeral services; a sign of prestige.
1950s	Taxis serve urban commuters and tourists; standardized licensing models spread.	Corporate use of limousines grows; hotel and airport shuttle services emerge.
1960s	Civil rights protests target discriminatory taxi practices; independent owner-operators increased.	Limousines become central to government and presidential transportation.
1970s	Deregulation movements begin.	Industry expands to executive transport and continues to become more commercially accessible.
1980s	Re-regulation where deregulation efforts failed, increased competition, and variable service.	Limousines explode in popularity for events and parties; stretch and novelty limos proliferate.
1990s	Enactment of the Americans with Disabilities Act (ADA) increases focus on accessibility.	Growth of SUV limos, airport shuttle vans, and luxury sedans in business travel.
2000s	GPS and mobile dispatch adoption; early app experiments.	Limousine services expand into black car and NEMT.
2010s	Uber & Lyft disrupt the industry; major loss of medallion value and market share; some pivot to NEMT markets.	Limousine sector hit by TNC competition.
2020s	Tech integration continues.	Limousines retain niche use for business travel, weddings, VIPs, and licensed black car services.

## II. Challenges in the TNC Era

The rise of TNCs has disrupted the traditional taxi and limousine industries. Once dominant in urban mobility and high-end travel, these sectors now face shrinking market shares, declining revenues, and pressure to modernize or risk fading.

### A. Competition from TNCs

Taxis quickly lost ground to TNCs. In New York City, for example, TNC rides surpassed taxi trips by 2017, and yellow cabs lost over half their trip volume by 2020. Airports, long a stronghold for taxis, have also seen a dramatic shift toward TNCs.

The limousine industry, which has historically served business travelers and VIPs and provided airport transfers, has been similarly impacted. TNCs introduced premium tiers, such as Uber Black and Lyft Extra Comfort, offering on-demand luxury rides with real-time tracking and cashless payments. These features drew corporate clients away from traditional black car services, and by the mid-2010s, many customers had switched to app-based alternatives.

The taxi and limousine industry overwhelmingly identified competition from TNCs as the most significant disruptor of their business models. Survey findings confirm that this pressure is widespread, persistent, and structural across the for-hire vehicle sector. More than 73% of taxi industry respondents reported that TNCs are either more popular than or directly compete with traditional taxi services in their markets. Limousine operators expressed similar concerns, with nearly 58% reporting direct competition with TNCs. Several respondents emphasized that rising consumer price sensitivity—including in the corporate travel sector—has shifted demand toward TNCs, particularly for shorter trips where app-based rides frequently undercut traditional limousine and black car pricing.

Survey respondents also described how this competition has altered long-standing markets. A limousine business owner noted the erosion of corporate accounts, explaining that a large pharmaceutical company client decided to stop providing black car service for physicians and instead pay for an Uber if a physician wanted transportation.

#### **Takeaway:**

TNCs have fundamentally altered demand across both street-hailing and immediate-response and pre-arranged service models. What began as a supplemental service for urban riders has evolved into the default mode of choice for many customers.

## B. Regulatory Imbalance

A core challenge for taxis and limousines has been the regulatory disparity with TNCs. The taxi and limousine industries remain subject to stricter licensing requirements, higher fees, and greater paperwork burdens, while TNCs operate under lighter-touch regulatory regimes. Taxis and limousines typically must have professionally licensed drivers, commercially registered vehicles, and comply with geographic restrictions, while TNCs don't. Limousines and taxis continue to operate under older frameworks that can limit innovation and adaptability. This has created a two-tiered regulatory system for providers offering similar services.

### Regulatory Comparison: Taxis vs. Limousines vs. TNCs

Regulation	Taxis	Limousine Service	TNCs
<b>Licensing Authority</b>	Typically regulated at the <b>local</b> level	Regulated at the <b>state or local</b> level	Regulated at the <b>state</b> level with little exception
<b>Immediate Response (Street Hail, Taxi Stand)</b>	Yes	No	No
<b>Pre-Arranged Rides</b>	Not required; almost universally allowed	Required	Required
<b>Dispatch Method</b>	Street hail or dispatch via phone, radio, or app	Pre-arranged via phone, app, or web	App-based only
<b>Fare Structure</b>	Regulated, metered rates	Flat rate or hourly fee, often pre-negotiated	Dynamic pricing (surge pricing)
<b>Driver Employment Status</b>	Employees, independent contractors, independent owner-operators	Employees or affiliated contractors	Independent contractors (in most jurisdictions)
<b>Driver Background Checks</b>	Often includes fingerprinting and drug testing	Varies; generally, includes criminal/driving checks	Varies by state (basic checks; some biometric)
<b>Wage/Rate Protections</b>	Often subject to minimum fare rules	Negotiated privately or by company policy	Rare; NYC and California
<b>Vehicle Ownership</b>	Fleet or driver owned	Fleet or driver owned	Driver owned
<b>Vehicle Standards</b>	Strict requirements regarding model, vehicle age, and condition	High standards; luxury models required	Must meet basic standards (age, insurance, inspection)

Regulation	Taxis	Limousine Service	TNCs
<b>Vehicle Registration</b>	Commercial vehicle registration	Commercial vehicle registration	Personal vehicle registration
<b>Insurance Requirements</b>	Full-time commercial insurance	Full-time commercial insurance	Commercial insurance only while on-app
<b>Accessibility Requirements</b>	Mandated in many cities; federal WAV compliance requirements	Usually not	Limited (wheelchair access not guaranteed)
<b>Vehicle Caps</b>	Often subject to medallion/license caps	Generally uncapped	None (except NYC)

The Taxi & Limousine Industry Survey results make clear that the taxi and limousine industries view regulations differently. Those in the taxi business view regulatory reform as essential to restoring balance in the for-hire transportation industry. In contrast, those in the limousine industry are less likely to view the regulatory landscape as a challenge. When asked to rank challenges, 33% of Limousine Survey respondents said an uneven regulatory playing field had *no or a low* impact on their profit margins, 38% said it had a *moderate* impact, and 19% said it had a high impact. In comparison, 47% of respondents to the Taxi Survey said an uneven regulatory playing field had a *high* impact on profits, 11.5% said it had a moderate impact, and 30% said it had *no or low* impact.

Both groups described a system in which traditional providers face higher costs, stricter licensing, and greater fines, while TNCs avoid many of these obligations. A respondent to the taxi survey reported there is an “uneven playing field compared to TNCs regarding vehicle age and driver vetting standards.” Another taxi survey respondent attributed the “ease of entry for ride share drivers, i.e., substandard background checks, no drug screens, lack of training” to the imbalance in competition. There was also a perception among many survey respondents that TNCs are unregulated.

**Takeaway:**  
 Unequal regulatory treatment is not simply an administrative inconvenience; it is a structural disadvantage that skews the market. Those in the traditional taxi and limousine industries feel penalized for following the rules.

**C. Technology & Customer Channels**

In the 2010s, the technology that fueled TNC growth was beyond the reach of the taxi and limousine industry. Early taxi e-hail apps lagged in functionality and user experience. In larger metropolitan areas, several taxi apps emerged, but they all operated in silos. A unified statewide or national platform integrating these individual taxi apps did not exist. Taxis in smaller markets

often relied on outdated dispatch systems and cash payments. Additionally, tightly regulated fares and local rules that effectively banned upfront pricing made it impossible for taxis to invest in digital tools. Some cities later mandated or funded taxi app systems, but by then, TNCs had captured most of the market.

Limousine services continued to depend on phone reservations and manual dispatching well into the 2010s. Few invested early in customer-facing apps, real-time tracking, or digital payments. As tech-savvy riders prioritized convenience and automation, the gap between traditional and app-based services widened, especially among business travelers.

The Taxi & Limousine Industry Surveys reveal sharp contrasts in how taxis, limousines, and TNCs reach customers, highlighting a major structural advantage for app-based platforms:

- **Taxis** continue to depend heavily on individual bookings by telephone and street hails. Over 50% reported that the majority of their business comes from call-ins or traditional dispatch systems. While some have adopted mobile apps, usage remains limited. Although almost two-thirds reported using an e-hail app, most reported that less than 10% of their business comes from app or website bookings.
- **Limousine services** rely far less on individual bookings and instead depend heavily on contract-based work. The largest sources of business reported were corporate travel contract arrangements, with over half of respondents citing contracts as a dominant revenue stream. Direct bookings by phone or website remain secondary, while app-based bookings account for a smaller share of the market.
- **Technology gap:** Survey feedback from respondents to the Taxi Survey indicates that e-hail and TNC partnerships face both adoption and execution hurdles. Many markets still lack a proprietary app or any TNC partnership, making it difficult to compete with Uber/Lyft for the same customer.
- **Customer loyalty shifts:** Several respondents to the Limousine Survey noted that even long-standing corporate clients now use TNCs for short trips or overflow needs, citing app convenience and lower cost. Taxi Survey respondents similarly reported difficulty retaining casual riders who value app features such as driver tracking and estimated arrival times.

#### **Takeaway:**

Technology has fundamentally reshaped the competitive landscape. Without meaningful support in adopting mobile booking and payment systems, taxis and limousines will remain at a structural disadvantage against TNCs.

## **E. Cost Burdens, Insurance**

Insurance, labor, and government-imposed fees were consistently rated as top challenges across both industries in the Taxi & Limousine Industry Surveys. These cost pressures not only reduce profitability but also highlight key structural differences between the taxi and limousine industries and TNCs.

- **Insurance**

Respondents to the Limousine Survey (57%) rated insurance as a “high impact” burden, and nearly 40% of respondents to the Taxi Survey reported the same. Across both sectors, respondents pointed to the steep, rising costs of commercial coverage and the difficulty of absorbing annual premium increases—*e.g.*, “Insurance is ridiculously expensive,” “premiums are constantly rising. It is an existential problem,” and for one fleet, insurance is “absolutely ridiculous—over [\$]300k per year for 11 vans.”

- **Labor**

Approximately 56% of respondents to the taxi survey identified labor costs as highly negative, driven by recruitment and retention challenges that also affect limousine firms. As one respondent put it, “Hiring qualified drivers is very difficult. [It t]akes our HR department 75% of their time,” while another flagged an “extreme staffing shortage during period[s] of demand recovery.”

- **Other Costs**

Fuel, vehicle purchase and maintenance, taxes, and government fees were consistently cited as burdens. Survey respondents noted that “the cost of vehicles and parts for maintenance [has] gone up at least 30% in the last four years,” and, in some jurisdictions, “State taxes, gas tax and vehicle registration are disproportionate compared to most other states.”

### **Takeaway:**

While taxis and limousines face substantial compliance-driven costs, especially in insurance and labor, it is important to recognize that TNCs also carry unique insurance burdens at scale. As explained in Section III.B of the report (below), the taxi and limousine industries may benefit from more stable and predictable pricing structures. Still, there is an imbalance in regulatory compliance costs that creates an uneven playing field that tilts against them.

## **F. Airport Access and Market Fairness**

Airports emerged in both Taxi & Limousine Industry Surveys as a flashpoint for unequal treatment. Respondents to the limousine survey consistently reported that regulatory and contractual arrangements favor TNCs over taxis and limousines.

When asked about airport access, more than half of Taxi Survey respondents (53.7%) reported that TNCs enjoy an advantage, whether through lower access fees, prime pick-up zones, or more convenient staging areas. By contrast, only 2% believed taxis were favored, while fewer than 10% felt the two sectors were treated equally. A similar proportion of Limousine Survey respondents reported the same dynamic. Many pointed to disproportionate access fees, the allocation of curbside pickup locations, and limitations on limousine staging that force them into less visible or less convenient waiting zones. Survey respondents reported access/curb-allocation issues, noting that a “Local airport has basically sidelined us and we are the only taxi service,” suggesting permit and priority rules disadvantage taxis.

Only a small fraction of respondents in the Taxi Survey (9%) believed that taxis, limousines, and TNCs are treated equally at airports. Slightly more respondents to the Limousine Survey (29%) reported equal treatment.

Because airports represent a significant revenue stream for both taxis and limousines, any disparity in access has an outsized effect on profitability. Respondents to the Taxi & Limousine Industry Survey noted that even modest differences in staging time or pickup visibility can dramatically shift customer choice toward TNCs. For example, many U.S. airports have wayfinding signs that include the trade names Uber or Lyft, while it is rare to see a taxi trade name similarly displayed.

### **Takeaway:**

Both taxi and limousine businesses view airports as among the most visible examples of regulatory bias toward TNCs. For many, these policies symbolize the broader structural imbalance that tilts the market in favor of app-based competitors.

## **G. Illegal and Unlicensed Activity**

Respondents to the Taxi & Limousine Industry Surveys cited illegal and unlicensed activity as a significant and growing threat to their businesses. This issue was consistently described as undermining both market fairness and public safety, as unlicensed drivers avoid regulatory oversight, mandatory insurance, and background checks.

According to the Taxi & Limousine Industry Surveys, over 50% of respondents to the Limousine Survey identified illegal/unlicensed activity as a major challenge, and 37% of respondents to the Taxi Survey reported the same.

Industry concerns center on the fact that illegal and unlicensed operators are able to undercut prices by avoiding the costs of licensing, insurance, inspections, and taxes. They are frequently visible at airports, where regulators struggle to enforce rules consistently. Respondents described pervasive unlicensed activity—from airport “hustlers” to WhatsApp groups functioning as “unlicensed dispatch bases ... competing without paying any taxes or airport fees”—and explicitly referenced “Unlicensed Uber/Lyft Drivers operating illegitimate business.” They reported “nonexistent enforcement ... against rogue operators who are unlicensed and not insured for paying passengers,” with TNCs “operat[ing] under the radar” and facing “no consequences” for violations, reinforcing the perception of an uneven playing field.

While taxis and limousines operate under strict compliance regimes, unlicensed drivers bypass these safeguards entirely. This creates multiple layers of harm: Passengers may be uninsured in the event of a crash or incident, law-abiding businesses lose revenue to competitors who avoid compliance costs, and the perception that regulators tolerate illegal activity undermines trust in enforcement and compliance systems.

**Takeaway:**

Weak enforcement against illegal and unlicensed operators undermines both fairness and safety. Without consistent monitoring and meaningful penalties, unregulated competitors thrive at the expense of compliant businesses. Enforcement resources should be increased, penalties strengthened, and consistent oversight applied to *all* for-hire operators, licensed or otherwise.

## **H. Accessibility Compliance & Requirements for Taxis**

A critical distinction between traditional taxi operators and TNCs lies in the scope, cost, and enforcement of wheelchair-accessible vehicle (WAV) obligations under the Americans with Disabilities Act (ADA) and state and local accessibility laws. Unlike TNCs, taxis operate within a framework that imposes clear, enforceable accessibility obligations on them.

The ADA prohibits private entities “primarily engaged in the business of transporting people” from discriminating against people with disabilities in the use and enjoyment of “specified public transportation” services.<sup>6</sup> The U.S. Department of Transportation regulations establish

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<sup>6</sup> 42 U.S.C.A. § 12184

specific requirements for “providers of taxi service” under the ADA.<sup>7</sup> The regulation does not require taxi services to acquire or maintain any number of WAVs.<sup>8</sup> However, if a taxi service provider purchases or leases a new vehicle other than an automobile (seating eight or fewer passengers, including the driver), such as a new van, the vehicle must be accessible unless the taxi service provides wheelchair users with “equivalent service” to that available to other riders.<sup>9</sup> As many taxi services have incorporated new vans into their fleets, this rule underscores the ongoing compliance responsibilities that taxi companies face in meeting accessibility standards.

Beyond WAV acquisition requirements, the ADA imposes broader anti-discrimination obligations, prohibiting transportation providers from discriminating against persons with disabilities.<sup>10</sup> In particular, taxis may not refuse to provide service to individuals with disabilities, refuse to assist with stowing mobility devices, or charge higher fares.<sup>11</sup>

TNCs occupy a different position under the ADA. Courts have distinguished the obligation to purchase or lease accessible vehicles from the broader ADA nondiscrimination requirements, which may require reasonable modifications to policies or practices. TNCs are subject to the ADA’s general nondiscrimination requirements—allowing service animals and refraining from disability-based service refusals—the same as taxis.<sup>12</sup> Even so, federal courts are split on whether the ADA’s broader nondiscrimination requirements apply to TNCs.<sup>13</sup> However, because TNCs do not own the vehicles that provide service, the WAV acquisition requirements are inapplicable.

Beyond federal requirements, some jurisdictions impose additional WAV obligations on taxis. Cities such as New York, Chicago, and San Francisco have adopted programs requiring a percentage of taxi fleets to be wheelchair-accessible or mandating that WAV service be available

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<sup>7</sup> See 49 C.F.R. §§ 37.1 to 37.215. DOT’s interpretive guidance defines taxi service broadly to include “other transportation services that involve calling for a car and a driver to take one places,” such as limousine services. 49 CFR Pt. 37, App. D

<sup>8</sup> 49 CFR § 37.29

<sup>9</sup> 49 CFR § 37.103

<sup>10</sup> 42 USC 12184

<sup>11</sup> 49 CFR § 37.29

<sup>12</sup> See, e.g., *Namisnak v. Uber Technologies, Inc.* 444 F.Supp.3d 1136 (2020) (“A covered entity under [42 USC 12184] is subject not just to the narrow requirements associated with the purchase of new vehicles, but the statute’s broader anti-discrimination mandate”).

<sup>13</sup> The D.C. District Court in *Equal Rights Center v. Uber Technologies, Inc.*, 525 F.Supp.3d 62 (2021), found that Uber plausibly qualifies as providing public transportation services subject to ADA Title III requirements. The court reasoned that “the ADA’s implementing regulations also make clear that taxi services are subject to the provisions pertaining to ‘private entities primarily engaged in the business of transporting people,’ 49 C.F.R. § 37.29, and the regulations’ definition of a taxi service as a ‘service that involves calling for a car and a driver to take one places,’ id. pt. 37 app. D, squarely applies to Uber’s alleged services.” Conversely, the Northern District of California in *Crawford v. Uber Technologies, Inc.*, 616 F.Supp.3d 1001 (2022), found that requiring TNCs to provide wheelchair-accessible vehicles at costs of \$400-1,000 per ride was not a reasonable modification under the ADA.

through centralized dispatch systems.<sup>14</sup> These initiatives often rely on surcharge-funded incentives, but the operational and financial burden falls mostly on service providers. While TNCs offer WAV service in select markets, they typically do so only where required by state or local law.

The disparity between WAV requirements for taxis and TNCs has led to ongoing policy debate over whether existing federal and state frameworks adequately ensure equal access to on-demand transportation services across all modes. Addressing this imbalance is essential to any comprehensive effort to “level the playing field.” Policymakers must recognize that taxis face significant compliance costs associated with accessibility mandates for vans in their fleets, while TNCs are not subject to the same obligations. Aligning accessibility requirements would expand accessible service for the public and promote fairness across comparable services.

### **III. Regulatory Initiatives to Align Taxi, Limousine & TNC Regulations**

This section outlines practical, evidence-based reforms to align rules across taxis, limousines, and TNCs, ensuring that competition focuses on service quality. Each recommendation is designed to preserve consumer protections and local enforcement where it matters, while establishing clear, statewide baselines, data-driven oversight, and phased implementation to minimize disruption and deliver immediate, measurable gains for riders and compliant businesses.

#### **A. Increasing TNC Regulation & Aligning Standards**

Taxi & Limousine Industry Survey results show broad support for aligning TNC requirements with taxis and limousines. Among respondents to the Limousine Survey, 58% support or strongly support uniform driver licensing & background checks for TNCs and limousines, and 58% support uniform vehicle inspection requirements. Among respondents to the Taxi Survey, support is even higher: 74% for uniform driver licensing & background checks and 69% for uniform vehicle inspections. A majority of Taxi Survey respondents (61%) favor increasing restrictions on TNCs by requiring TNCs to follow the same regulations as taxis and limousines. Additionally, 41% of Taxi Survey respondents support establishing a minimum fare structure for TNC rides (33% neutral, 5% oppose/strongly oppose), indicating openness to guardrails that deter race-to-the-bottom pricing while preserving consumer transparency.

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<sup>14</sup> <https://rules.cityofnewyork.us/rule/100-wheelchair-accessible-vehicles-taxis/>, [www.chicago.gov/city/en/depts/bacp/provdrs/vehic/svcs/wav.html](http://www.chicago.gov/city/en/depts/bacp/provdrs/vehic/svcs/wav.html), [www.sfmta.com/accessibility-strategy-needs-assessment-2024/executive-summary](http://www.sfmta.com/accessibility-strategy-needs-assessment-2024/executive-summary)

## 1. Policy Direction (based on survey sentiment)

- **Uniform driver credentialing.** Adopt a single, statewide (or jurisdiction-wide) driver credential for all for-hire categories (taxi, limo, TNC) with equivalent eligibility standards (background check scope, disqualifiers, medical fitness), and reciprocity across providers.
- **Standardized vehicle safety.** Require the same inspection cadence and criteria (brakes/tires, emissions, safety equipment) for TNC, taxi, and limousine vehicles; authorize certified inspection centers; maintain auditable records.
- **Fare guardrails for TNCs.** Require upfront fare disclosure (*e.g.*, rates or a binding quote) and receipt line items for charges (*e.g.*, base fare, fees, taxes) to protect consumers and enable oversight.

### B. Period-Based Insurance

Insurance mandates differ significantly between TNCs and traditional taxis and limousines. Taxis and limousines are generally treated as full-time commercial vehicles and must maintain continuous commercial liability coverage, regardless of whether passengers are on board. For limousines, these policies often require \$250,000 to over \$1 million in liability coverage. Taxi limits tend to be lower but still substantial, commonly ranging from \$100,000–\$300,000 per person, \$300,000–\$500,000 per accident, and \$50,000–\$100,000 for property damage.<sup>15</sup> Taxis and limousines may also be required to carry uninsured/underinsured motorist (UM/UIM) protection.

By contrast, TNC insurance requirements are a tiered, period-based system tied to driver activity:<sup>16</sup>

- **Offline:** The driver’s personal auto policy applies.
- **Period 1 (app on, waiting for a ride):** The TNC provides limited liability coverage, often \$50,000 per person/\$100,000 per accident for bodily injury, plus \$25,000 for property damage.
- **Periods 2 & 3 (ride accepted to ride completed):** Coverage increases substantially, typically \$1 million or \$1.5 million in liability and sometimes UM/UIM coverage as well.

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<sup>15</sup> See, *e.g.*, CT Gen Stat § 14-29 (\$100,000 CSL); Delaware Code § 1802 (\$250,000/500,000/100,000); Los Angeles Municipal Code § 71.14 (\$100,000/300,000/50,000); Mich. Comp. Laws Serv. § 257.2121 (\$300,000 CSL).

<sup>16</sup> <https://content.naic.org/insurance-topics/commercial-ride-sharing>

### Insurance Requirements Comparison

Requirement	Taxis	Limousines	TNCs
<b>Insurance Type</b>	Commercial auto policy (always active)	Commercial auto policy (always active)	TNC-provided commercial insurance + driver’s personal vehicle policy
<b>Coverage Amounts</b>	Varies	\$250k–\$1M+	\$1M–\$1.5M Periods 2–3, lower for Period 1 (varies by state)
<b>When Coverage Applies</b>	24/7	24/7	Only while app is on or in use
<b>Driver Classification</b>	Employee or contractor	Employee or contractor	Independent contractor
<b>Workers’ Comp</b>	Depends on the state	Depends on the state	Depends on the state

Stakeholders responding to the Taxi & Limousine Industry Surveys frequently highlighted these structural differences and the “app-on/app-off” insurance construct as a contributor to cost differentials between TNCs and taxis/limousines. While respondents perceive that period-based insurance may offer operational or cost efficiencies for TNCs, this report does not assert that such advantages exist as an empirical fact, nor does it identify conclusive data demonstrating that period-based models result in lower overall insurance costs. Nevertheless, these perceptions—combined with the fundamental principle of aligning insurance requirements with actual risk exposure—suggest that period-based insurance models merit further exploration.

Survey responses indicate industry interest in such an approach. Among taxi respondents, 60% support or strongly support insurance requirements that vary based on driver status, and 58% of limousine respondents expressed similar support. These findings reflect a broad openness among traditional operators to regulatory models that better distinguish between idle and active service periods.

Insurance carriers and brokers who responded to the Carrier/Broker Survey were split on extending a TNC-style model to taxis and limousines: 44% support, 22% neutral, and 33% opposed (with no respondents “strongly opposed”). This reflects a plurality in favor of exploring period-based insurance—consistent with operator preferences—while signaling the need for careful regulatory design. Some respondents cautioned that TNCs may face higher overall insurance costs, not solely as a result of higher minimum coverage limits, but also due to large driver pools and the complexity of claims administration. Period-based systems also introduce administrative challenges and potential coverage gaps, necessitating rideshare endorsements or additional policy coordination.

Taken together, these perspectives underscore the need for careful study and evaluation. Regulators should consider whether period-based taxi and limousine insurance models could be developed, tested, or adapted in collaboration with insurers and industry stakeholders. Exploring these approaches may help identify more risk-aligned, equitable insurance frameworks across all for-hire vehicle sectors.

## **1. Case Study: Arizona**

Arizona is one of the few states that provides true parity between taxis, limousines, and TNCs by allowing all three service types to operate under a period-based insurance framework. Adopted in 2015 as part of legislation authorizing ride-hailing services, this approach was described by the Associated Press as a “major concession” to taxi companies, because it freed them from having to carry high commercial limits at all times and instead tied coverage levels to the risk period.<sup>17</sup>

Under Ariz. Rev. Stat. § 28-4039, taxis, livery vehicles, and limousines may carry lower limits when a driver is merely available for hire—\$25,000 per person, \$50,000 per accident, and \$20,000 for property damage—and must carry \$250,000 in primary commercial liability (plus \$25,000/\$75,000 UM) only once a ride is accepted and throughout the trip.<sup>18</sup> Arizona applies the same structure to TNCs: identical 25/50/20 limits while a driver is logged in and waiting for a request, and identical \$250,000 minimums after accepting a ride.<sup>19</sup> The only distinction arises once a TNC passenger enters the vehicle, at which point the TNC minimum increases to \$1 million per incident, while taxis and limousines remain at \$250,000 per incident.

By tying higher limits to the period when a passenger is on board and allowing lower limits when vehicles are simply available for hire, Arizona’s framework reduces the amount of high-limit coverage that must be carried 24/7. Stakeholders and commentators widely view this structure as making coverage more workable for taxi and limousine businesses. However, there is no published quantitative evaluation of its impact on premiums.

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<sup>17</sup> <https://apnews.com/article/business-arizona-1cfb849a6bba419e88804db4a0f1ff6f>

<sup>18</sup> Ariz. Rev. Stat. § 28-4038; HB 2135 (Laws 2015, Chapter 235), eff. July 3, 2015. Period-based coverage is an alternative to maintaining an insurance policy containing minimum liability coverage of \$250,000 and uninsured motorist coverage of \$250,000. *See* Ariz. Rev. Stat. § 28-4033.

<sup>19</sup> Ariz. Rev. Stat. § 28-4038.

## Arizona Insurance Requirements

Coverage Period	Taxi & Limousine Requirements	TNC Requirements
<b>Period 1</b> (Driver available but not providing transportation)	<ul style="list-style-type: none"> <li>• \$25,000 bodily injury/death per person</li> <li>• \$50,000 bodily injury/death per accident</li> <li>• \$20,000 property damage</li> </ul>	<ul style="list-style-type: none"> <li>• \$25,000 bodily injury/death per person</li> <li>• \$50,000 bodily injury/death per accident</li> <li>• \$20,000 property damage</li> </ul>
<b>Period 2</b> (Ride accepted; en route to passenger)	<ul style="list-style-type: none"> <li>• Primary liability: \$250,000 per incident</li> <li>• UM: \$25,000 per person / \$75,000 per incident <i>or</i> matching BI minimums</li> </ul>	<ul style="list-style-type: none"> <li>• Primary liability: \$250,000 per incident</li> <li>• UM: \$25,000 per person / \$75,000 per incident <i>or</i> matching BI minimums</li> </ul>
<b>Period 3</b> (Passenger in the vehicle; trip in progress)	Same as Period 2	<ul style="list-style-type: none"> <li>• <b>Primary liability increases to \$1,000,000 per incident</b> when a TNC passenger is in the vehicle</li> <li>• UM: \$25,000 per person / \$75,000 per incident <i>or</i> matching BI minimums</li> </ul>
<b>Who May Hold the Policy</b>	Driver or company	Driver or TNC

### 2. Policy Direction

- **Explore a period-based insurance model for taxis and limousines that parallels the TNC structure**—lower coverage when the vehicle is not engaged in for-hire service, and higher limits only when en route to or transporting a passenger.
- **Avoid proposals that increase mandatory coverage levels**, as these can raise litigation and claims severity without improving safety outcomes.
- **Evaluate opportunities to harmonize coverage levels downward**, where actuarially appropriate, to reduce cost burdens on taxi and limousine operators while maintaining adequate protection for passengers and the public.

### C. Modernizing Taxi Fare Regulations: Adoption of Soft Meters, E-Hail Apps, and Payment Flexibility

The rigid fare structures that once defined the taxi industry—regulated meters, fixed rates, and zone-based pricing—have increasingly become a liability in an era defined by app-based platforms and dynamic consumer expectations. Modernizing taxi fare regulations is critical to

leveling the playing field with TNCs, which operate under flexible pricing models that can respond to real-time demand and service conditions.<sup>20</sup> Many cities and jurisdictions have implemented fare modernization reforms, including the use of soft meters (explained below), e-hail apps, upfront pricing, and dynamic pricing models.

- **Soft Meters**

Historically, most taxi jurisdictions required the use of taximeters—mechanical or electronic devices hardwired into the vehicle—to calculate fares based on time and distance. Soft meters are GPS-based fare calculation systems that run on mobile devices or tablets, replacing traditional taximeters. These systems use real-time data to calculate fares based on distance and time traveled, often integrating seamlessly with dispatch and payment platforms. Soft meters offer several benefits: they reduce hardware costs for businesses, facilitate easier fare updates and regulatory compliance, and enhance transparency for passengers by providing digital receipts and fare estimates. Additionally, they can enable integration with app-based booking, helping traditional taxis stay competitive with ride-hailing services.

- **E-Hail Apps**

To further modernize the customer experience, jurisdictions have encouraged or required taxicabs to adopt e-hail platforms, either proprietary or third-party services such as Flywheel, Curb, Arro, or YoTaxi. These apps provide riders with the same functionality as TNC apps, namely to hail taxis via smartphone in real-time, view the estimated time of arrival, track the vehicle, pay via mobile wallet or card, and rate the driver post-trip.

- **Up-Front Pricing**

A core innovation enabled by e-hail technology is upfront pricing, presenting passengers with a fixed fare before the trip begins. This adopts the TNC experience, reduces disputes, improves transparency, and increases passenger trust. Upfront pricing can be determined based on projected trip time, distance, traffic, and demand, offering a more flexible and customer-friendly model than strict meter-based calculations.

- **Dynamic Pricing**

While taxis have traditionally operated under fixed rate structures (*e.g.*, base fare + per-mile rate), TNCs use dynamic pricing algorithms that increase rates during high-demand periods. Some regulators have experimented with dynamic pricing for taxis, particularly through soft-metering platforms. Under these pilots, fares may increase during peak periods (*e.g.*, rush hour, weekends, major events). Prices are displayed upfront to ensure transparency, and regulators may set a cap to prevent price gouging. Dynamic pricing increases driver earnings and enhances availability by incentivizing drivers to operate

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<sup>20</sup> <https://iatr.global/wp-content/uploads/2024/10/IATR-Report-Modernizing-the-Taximeter.pdf>

during periods of high demand, addressing a long-standing supply issue in many urban taxi fleets.

These modernization efforts have led to taxis being made available through the Uber app with upfront pricing in several U.S. cities. For example, Uber revealed it dispatched more than 7 million trips to taxis in NYC between June 2024 and June 2025, including 800,000 (approximately 20% of all yellow cab trips) in March 2025.<sup>21</sup>

Respondents to the taxi survey show clear support for fare modernization measures that align taxi products with today's app-based market. A solid majority favors enabling digital booking and flexible pricing models while updating meter technology. Specifically, 64% support allowing taxis to use mobile apps and ride-share platforms to book trips; 54% support price competition, including removing rigid price controls to allow upfront pricing and dynamic (surge) pricing based on demand; and 59% support adoption of soft meters.

## **1. Case Studies**

### ***a) Washington, D.C. Department of For-Hire Vehicles***

D.C. was the first U.S. city to offer dynamic pricing, such as discounts and flat rates (surge pricing was prohibited). In 2017, the D.C. Department of For-Hire Vehicles (DFHV) required all D.C. taxicabs to use digital meters, specifically tablet- or smartphone-based apps that display trip progress, fare, route maps, and accept electronic payments.<sup>22</sup> The system supports multiple payment options (cash, credit, Apple Pay, Android Pay), eliminating issues with broken hardware and improving reliability, and riders receive electronic receipts via email or text.

#### **Outcomes:**

- **Cost Savings:** Drivers save approximately \$2,000 to \$2,500, avoiding repeated analog meter calibration costs.<sup>23</sup>
- **Policy & Data Advantages:** Provides the city with real-time ridership and location data, aiding in policy decisions, demand analysis, and future app integration

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<sup>21</sup> [https://open.substack.com/pub/automarketplace/p/uber-sent-nyc-yellow-cabs-800k-trips?r=4dup2i&utm\\_campaign=post&utm\\_medium=web&showWelcomeOnShare=false](https://open.substack.com/pub/automarketplace/p/uber-sent-nyc-yellow-cabs-800k-trips?r=4dup2i&utm_campaign=post&utm_medium=web&showWelcomeOnShare=false)

<sup>22</sup> <https://dfhv.dc.gov/release/dc-taxi-will-begin-transition-digital-meters>

<sup>23</sup> [www.meritalkslg.com/articles/d-c-prepares-for-digital-meters-in-taxis/](http://www.meritalkslg.com/articles/d-c-prepares-for-digital-meters-in-taxis/)

## ***b) San Francisco Municipal Transportation Agency***

One of the most advanced implementations of fare modernization is San Francisco's Taxi Upfront Fare Program, administered by the San Francisco Municipal Transportation Agency (SFMTA). Initially launched as a pilot, the program allows e-hail apps such as Flywheel, Curb, Arro, and YoTaxi to offer passengers upfront pricing, similar to TNC fare structures.

Under the program, fares are calculated in advance using a combination of historical and real-time data. Drivers are dispatched only if they accept the offered fare, and riders receive confirmation, fare details, and driver tracking information directly through the app. In addition, Uber and Lyft may offer taxi rides within their platforms, further expanding the program's reach.

### **Outcomes:<sup>24</sup>**

- **Driver Earnings Increased:** Participating taxi drivers saw a 25% increase in average earnings, with some reporting higher consistency in income due to reduced idle time.
- **Service Volume Grew:** The number of trips booked through the program increased significantly, indicating renewed customer interest in taxi service.
- **Expanded Service Coverage:** More rides were recorded in outer neighborhoods and underserved areas, reducing geographic disparities in service availability.
- **New Driver Recruitment:** Applications to become taxi drivers rose sharply—nearly fivefold compared to previous years—suggesting that fare modernization has made the profession more attractive.
- **Customer Satisfaction Improved:** Riders appreciated the simplicity of upfront pricing, the reliability of pickup, and the ability to compare fares with TNCs in a single app environment.

## ***c) zTrip's Hybrid Taxi Model***

The taxi fleet operator zTrip provides a leading example of how traditional taxi operators can modernize fare structures and customer experience while maintaining regulatory compliance. Operating in 40 cities across 20 states, zTrip offers riders on-demand e-hail service through its app, as well as traditional street-hail and phone dispatch options. This hybrid model bridges legacy taxi operations with TNC-style digital convenience.

Key elements of zTrip's modernization include:

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<sup>24</sup> <https://localnewsmatters.org/2025/05/24/sfmta-makes-taxi-ride-hailing-fare-comparison-program-permanent-after-2-year-pilot/>; [www.sfmta.com/press-releases/press-release-sfmta-board-approves-taxi-upfront-fare-pilot-become-permanent-city-program](http://www.sfmta.com/press-releases/press-release-sfmta-board-approves-taxi-upfront-fare-pilot-become-permanent-city-program)

- **Soft Meter Integration:** zTrip uses app-based fare calculations that allow for upfront pricing while still complying with local taxi-metering laws.
- **E-Hail Functionality:** Riders can book, track, and pay for rides through the zTrip app, reducing friction and aligning the taxi experience more closely with TNC expectations.
- **Payment Flexibility:** zTrip accepts credit cards, app payments, and traditional in-vehicle transactions, ensuring accessibility for all rider segments.
- **Branding and Reliability:** By emphasizing professional drivers, licensed vehicles, and predictable pricing, zTrip positions itself as a regulated, safety-focused alternative to TNCs.

zTrip demonstrates that modern fare technology is not only feasible but beneficial for regulated taxi fleets. Its hybrid digital model increases rider confidence, supports compliance, and improves operational efficiency. This experience illustrates how taxis can adopt modern pricing, booking, and payment tools without undermining regulatory safeguards or service equity.

## 2. Potential Implementation Challenges

Despite notable successes, fare modernization is not without its challenges. Many municipal agencies still rely on legacy systems that mandate taximeter compliance. In markets with a fragmented fleet of small operators, achieving coordinated adoption of new apps or pricing reforms can also be difficult.

Feedback from the taxi survey indicates that e-hail and TNC partnerships face both adoption and execution hurdles: those using apps report customer churn and cancellations, GPS and reliability issues, and perceptions that local apps are inferior to major TNCs. Survey responses cited data errors from third parties, the need for better driver training and app publicity, and dual-apping conflicts. On the supply side, low TNC rates depress driver acceptance, while cash options have increased fare evasion. Older riders struggle with app navigation, and many markets still lack a proprietary app or any TNC partnership, making it difficult to compete with Uber/Lyft for the same customer.

To address these obstacles, jurisdictions may pursue several strategies. Public-private partnerships with app developers can accelerate integration, while grants or subsidies may help fleets modernize their technology. Flexible regulations that allow pilot programs before full adoption can ease the transition and build stakeholder buy-in. At the same time, establishing clear consumer protections—such as requirements for fare transparency and caps on surge pricing—can strengthen public confidence in the system.

## 3. Policy Direction

Experience to date suggests several key lessons for policymakers. Upfront pricing can coexist with traditional meter-based systems in hybrid fare models, allowing regulators to preserve familiar structures while embracing innovation. Equally important is regulatory flexibility, which enables experimentation with new technologies and business models without undermining consumer protections.

Modernizing taxi fare regulations is necessary to restore the sector's competitiveness. San Francisco's experience demonstrates that, when effectively implemented, these reforms can increase driver income, improve service quality, and attract new entrants to the profession. More broadly, they show that the taxi industry can adapt if given the regulatory flexibility and technical infrastructure to do so. Looking ahead, future policy should continue aligning taxi pricing models with modern consumer expectations while ensuring fairness, safety, and accessibility remain at the core.

#### **D. Local Permit Reciprocity**

TNCs typically benefit from statewide or regional operating authority, enabling drivers to pick up and drop off passengers across multiple jurisdictions without requiring separate licenses. In contrast, taxis and limousines are often restricted to the jurisdiction that issued their licenses, limiting their geographic reach and reducing efficiency.

Permit reciprocity agreements seek to address this imbalance by allowing for-hire vehicles licensed in one jurisdiction to operate in another jurisdiction without duplicative licensing. These agreements generally require: proof of a valid license from the home jurisdiction and compliance with operational or safety standards. Such frameworks can streamline regional mobility, promote market competition, and reduce costs for both the industry and regulators.

Respondents to the taxi survey strongly support regional reciprocity. Over half (54%) *support or strongly support* such policies, only 2.5% strongly oppose or oppose, and 13% are neutral. This indicates broad industry backing with minimal opposition, suggesting that regional reciprocity would align market rules with how riders travel across jurisdictional lines while reducing artificial service boundaries.

## 1. Case Studies

### a) *Florida Statute § 320.0603*

Effective July 1, 2024, Florida Statute § 320.0603 (House Bill 377 of 2024) mandates universal recognition of valid local for-hire vehicle licenses statewide.<sup>25</sup> Limousine businesses licensed in any Florida county or municipality in which the person is domiciled can now legally provide service anywhere in the state without acquiring separate permits.<sup>26</sup> Limousine businesses domiciled in cities or counties that do not require permits must obtain permits to operate elsewhere in the state.

#### **Outcomes:**

- **Lower Administrative Costs:** Companies avoid redundant application processes, inspections, and fees.
- **Increased Market Access:** Licensed limousines can now serve high-demand zones outside their home base.
- **Regulatory Efficiency:** Streamlined oversight encourages uniform safety standards and better inter-agency data sharing.

### b) *California Government Code § 53075.51(d)*

A 2017 statute requires cities and counties to mutually recognize taxicab permits issued within the same county. Local jurisdictions must allow taxicabs to pick up passengers across city lines, so long as the home permit is valid and meets baseline requirements.

#### **Outcomes:**

- **Improved Regional Service:** Riders in multi-city regions like Los Angeles or the Bay Area experience greater taxi availability and more seamless travel.
- **Incentive for Standardization:** Encourages local agencies to align licensing criteria to simplify cross-recognition.

### c) *Washington, D.C. – DFHV Rule 31-828*

The D.C. Administrative Code authorizes reciprocity for licensed limousines from adjacent jurisdictions—such as Arlington and Fairfax, Virginia, and Montgomery County, Maryland—allowing them to perform pre-arranged pickups in D.C. for transport back to the home licensing jurisdiction without needing a D.C. license.

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<sup>25</sup> [www.flsenate.gov/Session/Bill/2024/377](http://www.flsenate.gov/Session/Bill/2024/377)

<sup>26</sup> [www.chauffeurdriven.com/news-features/association-updates/fla-bill-signed-by-governor-desantis.html](http://www.chauffeurdriven.com/news-features/association-updates/fla-bill-signed-by-governor-desantis.html)

**Outcomes:**

- **Enhanced Interstate Access:** Residents and visitors in the region can book consistent service across borders.
- **Preservation of Local Control:** Restrictions on street hails help D.C. maintain order and enforceability.

**d) New York Transportation Law § 498**

New York allows reciprocal pickup and drop-off service among limousine businesses licensed in New York City and the adjacent counties of Westchester and Nassau.<sup>20</sup> Licensed limousines may complete cross-county trips if they begin or end in their home licensing jurisdiction. Point-to-point service within a neighboring county still requires a local permit.

**Outcomes:**

- **Expanded Service Zones:** Limousine businesses gain flexibility to serve regional clients, including airport transfers and suburban trips.
- **Reduced Operating Costs:** Limits costly and duplicative licensing burdens while preserving key local controls.

**2. Potential Implementation Challenges**

While the benefits are clear, jurisdictions may encounter obstacles when implementing reciprocity:

- **Loss of Local Control:** Cities or counties may resist external vehicles operating within their borders without contributing to local fees or complying with tailored rules (*e.g.*, accessibility requirements, local rates).
- **Enforcement Complexity:** Ensuring compliance across borders—especially regarding insurance, safety, and background checks—can strain regulatory agencies.
- **Uneven Standards:** Taxi and limousine businesses in jurisdictions with stricter requirements may view reciprocity as unfair unless licensing and oversight are harmonized.
- **Revenue Concerns:** Reciprocity may reduce fee collections from out-of-jurisdiction vehicles and undercut local licensing programs.

**3. Policy Direction**

Permit reciprocity offers a practical pathway to modernize for-hire vehicle regulation and reduce the geographic and administrative constraints that currently disadvantage taxis and

limousines compared to TNCs. With proper oversight and inter-jurisdictional coordination, reciprocity can support a more integrated, competitive, and customer-friendly mobility landscape.

The benefits of reciprocity are significant. By allowing vehicles to operate seamlessly across jurisdictions, drivers can complete round trips and reduce “deadheading,” lowering emissions while increasing earnings and efficiency. Riders, in turn, gain expanded access to service. Reciprocity also promotes competitive neutrality by leveling the playing field with TNCs, which already enjoy statewide or multi-jurisdictional operating authority.

## **E. State-Set Baseline Standards for Local Regulations**

Many of the disparities between traditional taxis, for-hire services, and TNCs stem from a fragmented patchwork of local rules, especially in large metro areas where cities and counties set their own taxi regulations. This fragmentation creates inefficiencies, limits service flexibility, and undermines competitiveness with app-based platforms that operate seamlessly across municipal boundaries. Recognizing these challenges, some states have implemented baseline regulatory frameworks to ensure consistency and modernize oversight of the taxi and for-hire vehicle industry.

Taxi & Limousine Industry Survey results indicate meaningful support for moving toward statewide consistency. Among limousine businesses, a majority favor region-wide operating rights, with 37% supporting or strongly supporting the ability to pick up customers anywhere in a defined region (with 16% strongly opposing and 21% neutral). Responses to the Taxi Survey showed 41% support for statewide regulation that replaces local control (with 17.95% neutral and 13% opposing), and an identical 41% support for standardizing rules statewide while maintaining local oversight (with 15% neutral and 18% opposing). These results support a model that sets uniform state standards and reciprocal operating privileges, while preserving local enforcement and administration to address community-specific needs.

In some locations, limousine companies are signaling demand for cross-boundary reciprocity and fewer geographic barriers. Respondents to the taxi survey show plurality support for statewide solutions, with stronger comfort where local oversight is preserved, suggesting a preference for state baseline standards and local administration rather than complete preemption.

With respect to removing quantitative limits on the number of licenses (*i.e.*, open entry), the TTAF does not support such measures. Instead, license caps should be evaluated within the context of each local market’s needs, transportation conditions, and demand patterns. Where caps are deemed necessary, the recommended approach is to modernize cap regulations so they both: (1) prevent artificial scarcity and allow companies to scale their fleets responsively, and (2) preserve local authority to limit the number of licensed operators to prevent oversupply,

congestion, or market destabilization. TTAF believes local regulators should be able to set permit or operator limits based on community realities, industry composition, and demand, rather than applying a uniform statewide rule. This position was seen by the TTAF as critical for regulators who may otherwise interpret fleet flexibility as an endorsement of full deregulation or elimination of permitting constraints.

## **1. Case Study: California Assembly Bill 1069 & Los Angeles Department of Transportation (LADOT)**

In 2017, California enacted Assembly Bill 1069, establishing baseline standards that cities and counties must follow if they choose to regulate taxicabs. The goal was to eliminate outdated and anti-competitive local rules while promoting regional coordination and technological innovation. The framework was further strengthened by AB 939 in 2020, which clarified enforcement mechanisms and interjurisdictional cooperation.<sup>27</sup>

Key provisions setting baseline standards for local regulation included:

- **Countywide service rights:** Requires localities to allow taxicabs to operate across jurisdictional lines within a county—or multiple counties—via interlocal agreement.
- **Regional permitting:** Encourages municipalities to coordinate licensing and oversight through unified or reciprocal systems.
- **Modernization incentives:** Supports the adoption of electronic hailing (e-hail) platforms and app-based fare models.
- **Open entry licensing:** Prohibits cities from imposing limits on the number of permitted taxis or other arbitrary market-entry barriers.
- **Preserved local discretion:** Localities retain authority over fare rates, operating standards, and consumer protections, as long as they meet the baseline state requirements.

Building on this statewide framework, the Los Angeles Department of Transportation (LADOT) launched sweeping reforms in February 2022.<sup>28</sup> The agency transitioned from a franchise-based system to an open market model. Trade dress rules were relaxed, allowing factory-vehicle colors with simple decals instead of costly paint requirements. LADOT also introduced streamlined onboarding, moving permitting online, shifting training requirements to taxi service companies, and making it easier to allow both drivers and vehicles from neighboring jurisdictions. In parallel, the city adopted up-front pricing and certified app-based dispatch through approved e-hail platforms, aligning taxi service more closely with consumer expectations shaped by TNCs.

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<sup>27</sup> Cal. Gov. Code § 53075.51

<sup>28</sup> <https://ladot.lacity.gov/dotnews/la-city-council-adopts-ladots-reforms-taxi-industry-los-angeles>

Finally, LADOT mandated data sharing through its Mobility Data Specification (MDS), giving regulators better tools for service planning, oversight, and policy evaluation.

### **Outcomes:**

- **Expedited Driver Onboarding:** LADOT reduced onboarding time from weeks to a few days.
- **Improved consistency:** Taxi fleets in places like Los Angeles County—which includes 88 municipalities—benefited from reduced regulatory conflict and clearer operational rules.
- **Expanded service areas:** Taxis gained the ability to serve trips across city lines without facing fines or duplicative licensing requirements, improving rider convenience and coverage.

## **2. Potential Implementation Challenges**

- **Local resistance:** Some municipalities were hesitant to relinquish exclusive control over taxi licensing.<sup>29</sup> For example, the Los Angeles County Metropolitan Transportation Authority (Metro) and the LA City Council formally opposed AB 1069.<sup>30</sup> Metro officials argued that the bill would place the agency in conflict with cities that previously regulated taxis and would impose new, complicated, and unfunded regulatory burdens on its operations.<sup>31</sup>
- **Inconsistent adoption:** While the law applies statewide, localities still have discretion in how they implement certain provisions.
- **Policy misalignment:** States must ensure that their regulatory frameworks are sensitive to the needs of both urban and rural markets, which often have very different transportation dynamics.

## **3. Policy Direction**

California’s approach provides a roadmap for states seeking to modernize taxi and for-hire vehicle oversight while preserving local input. State-set baselines can create fairness and flexibility without imposing rigid uniformity. Effective policy must balance regional mobility and competition with localized service needs and consumer protections. Additionally, regulatory reform works best when paired with technological enablement, regional cooperation, and stakeholder engagement from both legacy licensees and emerging mobility platforms.

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<sup>29</sup> See, e.g., <https://cal.streetsblog.org/2016/08/25/opposition-grows-to-problematic-assembly-taxicab-bill-a-b-650>, <https://isthmus.com/news/news/state-bill-deregulate-taxis>

<sup>30</sup> [https://cityclerk.lacity.org/onlinedocs/2017/17-0002-S109\\_rpt\\_CLA\\_08-25-2017.pdf](https://cityclerk.lacity.org/onlinedocs/2017/17-0002-S109_rpt_CLA_08-25-2017.pdf)

<sup>31</sup> <https://cal.streetsblog.org/2016/08/25/opposition-grows-to-problematic-assembly-taxicab-bill-a-b-650>

## **F. Flexibility in Vehicle Age**

Rigid vehicle age and mileage restrictions have long posed a barrier to sustainability and economic viability in the taxi and limousine sectors. Traditional regulations often mandate vehicle retirement at a fixed age or mileage threshold, regardless of vehicle condition or advancements in durability, efficiency, and emissions standards. These rules, originally intended to ensure safety and reduce emissions, have outlived their utility. Most TNC statutes do not impose vehicle age limits and instead require vehicles to pass inspection.

Many jurisdictions have already reformed vehicle standards to reflect current realities. A leading example is Washington, D.C., which has implemented a phased series of reforms to extend the service life of for-hire vehicles, reduce regulatory burdens, and promote the use of cleaner and more accessible fleets.

### **1. Case Study: Washington, D.C. DFHV**

The D.C. Department of For-Hire Vehicles (DFHV) has led one of the more progressive efforts in the country to modernize taxi vehicle standards. The reforms were implemented in response to the immediate economic pressures of the COVID-19 pandemic and longer-term objectives focused on sustainability, access, and regulatory efficiency.

In 2020, DFHV extended the vehicle retirement age from eight to ten years for all taxicabs, providing licensees with immediate financial relief during the early stages of the pandemic.<sup>32</sup> Building on that change, the agency eliminated the 300,000-mile limit in 2023, shifting the focus away from mileage alone and toward overall vehicle condition and emissions performance. In 2024, DFHV further extended vehicle retirement standards to fifteen years for internal combustion engine vehicles and twenty years for electric vehicles, hybrids, and WAVs.<sup>33</sup>

To ensure safety and accountability under this new framework, DFHV introduced an Annual Suitability Review. Owners of vehicles seeking to operate beyond fifteen years (or up to twenty years in the case of EVs, hybrids, and WAVs) must now submit an annual application demonstrating the vehicle's continued safety and mechanical soundness. This review process replaced the prior system of case-by-case waiver requests, making the process both more predictable and less burdensome for licensees.

The rationale behind these reforms highlights both short-term relief and long-term transformation of the industry:

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<sup>32</sup> <https://dfhv.dc.gov/release/extension-vehicle-retirement-age-limit>

<sup>33</sup> <https://dfhv.dc.gov/page/rulemaking-and-administrative-issuances>

- **Economic relief for drivers and fleets during the pandemic.** By allowing vehicles to remain in service longer, DFHV eliminated the urgent need for costly replacements at a time when ridership and revenues had collapsed, preserving livelihoods and maintaining service continuity across the District.
- **Alignment with neighboring jurisdictions.** The earlier eight-year age limit put D.C. licensees at a disadvantage compared to peers in Maryland and Virginia, where standards were more flexible. By extending retirement ages to ten, then fifteen years (and up to twenty for certain vehicle types), DFHV harmonized its rules with regional peers, enabling licensees to participate more easily in multi-jurisdictional service and contracts.
- **Incentives for sustainable and accessible fleets.** Offering longer service life for EVs, hybrids, and WAVs provided a direct financial benefit for investing in cleaner and more inclusive vehicles. This aligns with D.C.'s broader environmental and equity goals by promoting zero-emission adoption and improving transportation access for passengers with disabilities.
- **Streamlined regulation and reduced bureaucracy.** Under the previous system, operators seeking to keep older vehicles in service had to pursue waivers or appeals, a process that was time-consuming, inconsistent, and administratively costly. The standardized annual suitability review was replaced by a transparent, predictable system that simplified compliance and reduced burdens for both licensees and regulators.

## 2. Potential Implementation Challenges

While the District of Columbia's reforms to vehicle age and mileage standards were designed to streamline regulation and ease economic burdens on licensees, changes of this scale often bring transitional challenges. Although no widespread delays or complaints have been formally documented, a few plausible implementation issues can be anticipated:

- **Inspection and Suitability Review Bottlenecks:** Although D.C. eliminated the mileage cap and formal waiver process, vehicles approaching 15 to 20 years of age still require annual suitability reviews. These inspections could become a chokepoint if the number of older vehicles increases without a corresponding expansion in inspection capacity.
- **Coordination with Surrounding Jurisdictions:** While the reforms were meant to align D.C. standards with neighboring areas, practical differences remain in regional vehicle standards and enforcement practices.

By anticipating these challenges, other jurisdictions considering similar reforms can take proactive steps to streamline implementation.

### **3. Policy Direction**

D.C.'s approach illustrates how flexible vehicle standards can achieve multiple goals at once. By easing rigid retirement rules, the reforms improved licensees' economics, promoted the adoption of greener and more accessible fleets, simplified administrative processes, and aligned regulations with advances in vehicle durability and safety.

For jurisdictions seeking to modernize their taxi and limousine regulations, D.C.'s model offers a compelling template. Rather than imposing arbitrary expiration dates on vehicles, regulators can adopt a performance-based approach that evaluates actual vehicle condition, emissions, and functionality.

#### **G. Flexibility in Vehicle Color & Model**

Eliminating vehicle color scheme requirements for taxis can help level the playing field with TNCs, which face no such mandate. Rules requiring all cabs to be yellow or painted in a uniform scheme impose added costs and logistical burdens on taxis. Allowing taxis to use standard, non-branded vehicles reduces overhead, increases resale value, and enables quicker fleet upgrades, aligning their business model more closely with the flexible, app-based approach used by TNCs.

According to the International Association of Transportation Regulators (IATR), uniform taxi color schemes can help riders and regulators identify vehicles, but they also create downsides for drivers.<sup>34</sup> Repainting and upkeep can trigger extra fees or fines, cutting into earnings, and the requirement can make it harder for drivers to switch to other work that requires a different vehicle appearance (*e.g.*, delivery or personal transport).

IATR also notes that in an app-driven market, visual cues like colors and dome lights are far less critical: riders book and verify trips on their phones. If the goal is clear identification and safety, those features should be treated as means to an end. Modern alternatives include consistent, highly visible trade dress and regulator-issued markings that clearly identify a vehicle as a licensed taxi, achieving equal or better safety without mandating a specific paint scheme.

Importantly, many jurisdictions have already moved away from color requirements, demonstrating the feasibility of this approach. The Taxi Survey asked about eliminating regulations that mandate business practices such as vehicle color schemes. Thirty-nine percent of respondents reported that their jurisdiction does not mandate such business practices, 25% support or strongly support removal, 15% are neutral, and 20% oppose or strongly oppose. This split

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<sup>34</sup> <https://iatr.global/iatrs-modernizing-taxi-regulations/>

suggests room to modernize identification rules without a universal mandate, especially given that many markets already operate without color requirements.

## 1. Case Study: Houston, Texas

In September 2021, the City of Houston permanently rolled back several regulations affecting taxis, including the requirement that all taxis be painted white with dark green lettering—a rule initially imposed in 2014 to unify fleet appearance.<sup>35</sup> Now, taxi vehicles may retain their factory-standard colors. This reform was part of a larger legislative effort to help the taxi industry recover from pandemic impacts and be more competitive with ride-hailing services.

### Outcomes:

- **Lower operating costs:** Drivers and fleet owners no longer incur significant expenses for repainting vehicles to meet standard color rules.
- **Greater vehicle flexibility:** Taxis can be typical consumer vehicles, which improves fleet adaptability and resale value and supports quicker turnover and growth.
- **Easier market access:** These changes have reduced financial and entry barriers for drivers and small fleets.

## 2. Potential Implementation Challenges

Eliminating taxi color scheme requirements can offer significant benefits, but jurisdictions may face challenges when rolling back these long-standing rules. One challenge is transition period management. Existing fleets may continue to operate with legacy paint schemes while new vehicles are introduced in standard factory colors, creating a mixed visual landscape that could confuse riders. To mitigate this, jurisdictions may need to implement public education campaigns that explain the change and emphasize how riders can reliably identify legitimate taxis.

A second challenge involves public identification and enforcement. Without a uniform color scheme, it may become more difficult for both the public and regulators to distinguish licensed taxis from unlicensed or illegal operators. This raises risks to public safety and could undermine consumer trust in the regulated fleet. To address this concern, cities must adopt alternative forms of clear identification, such as taxi-specific license plates, standardized decals, or prominent roof lights, to ensure that licensed vehicles remain easily recognizable.

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<sup>35</sup> [www.houstonchronicle.com/politics/houston/article/City-rolls-back-regulations-on-taxis-drops-cap-16461786.php](http://www.houstonchronicle.com/politics/houston/article/City-rolls-back-regulations-on-taxis-drops-cap-16461786.php)

### **3. Policy Direction**

Treat paint as optional rather than prescriptive: where color schemes exist, allow equivalent identification, such as consistent trade dress, regulator-issued decals, and electronic verification in apps. Preserve curbside clarity for street hail by requiring high-visibility markings or dome-light alternatives that achieve the same safety/visibility outcomes without repainting costs.

## **IV. Conclusion**

The evidence in this report points to a clear path forward: modernize outdated rules and apply core safety, licensing, and insurance standards consistently across taxis, limousines, and TNCs, so competition turns on service and efficiency. Doing so requires pairing fare reforms (soft meters, e-hail, upfront/dynamic pricing) with data-driven oversight, so riders get transparency and regulators get verifiable compliance. A state-set baseline—complemented by reciprocity or regional operating rights—can reduce fragmentation while preserving appropriate local enforcement and consumer protections. Implemented in phases, with strong airport parity rules and targeted action against illegal operators, these steps will level the playing field, expand access, and restore trust in the for-hire market. In short, a framework built on safety, fairness, and flexibility can deliver better outcomes for passengers, providers, and public agencies alike.