



Via Hand Delivery & Electronic Mail

David Do
Commissioner and Chair
New York City Taxi and Limousine Commission
33 Beaver Street, 22nd Floor
New York, NY 10004

Re: Petition to Initiate Rulemaking

Dear Chair Do,

Uber USA, LLC (B03404) (Uber) respectfully submits this Petition pursuant to TLC Rule 52-14 requesting the Commission revise the input-data used in calculating the per-mile and per-minute component of the Minimum Driver Payment rule. Sections 2303 of the New York City Charter and section 19-503 of the New York City Administrative Code authorize the Commission to promulgate the rules proposed in connection with this Petition. Uber submits that the changes proposed herein will obviate the need for ongoing revisions to Rule 59D-22(a), therefore the proposed changes should remain in effect indefinitely.

Background and Analysis

In March 2023, the Commission proposed and adopted amendments to the Minimum Driver Payment rule for High-Volume For-Hire services (HVFHS), which, among other things, included increasing the per-mile rate to account for increased driver expenses (the Earnings Rule Amendments).

Critically, the Earnings Rule Amendments introduced a one-time adjustment to per-mile rates using the CPI-U Transportation index. In support of this adjustment, the Commission cited record high fuel and vehicle prices.¹ Uber urged the Commission to avoid anchoring to 2022's record high prices without allowing future downward adjustments.²

Figure A1 presents the evolution of regular retail gasoline prices in New York City for the period January 2020 through October 2024. At their peak, gasoline prices reached \$4.90 per gallon in June 2022, and averaged \$3.94 per gallon that year. Current gasoline prices in New York City average \$3.00 per gallon. This is 39% lower than the June 2022 peak, and 24% lower than the 2022 average.

¹ The Commission's complete analysis and justification is available online within the Statement of Basis and Purpose from March 2023.

https://www.nyc.gov/assets/tlc/downloads/pdf/proposed_rule_fhv_driver_pay_03_08_2023.pdf

² Please refer to Uber's previously submitted public comments on the Earnings Rule Amendments, attached hereto as Exhibit B.

According to Parrot and Reich (2018), gas represents 19% of per-mile expenditure for the average FHV.³ A forthcoming study by HRA (2024) finds this number to be 26%. Thus, a 39% decrease in prices represents a reduction of per-mile costs between 7.4% and 10.1%.

Figure A1: New York City Regular Retail Gasoline Prices (Dollars per Gallon)



Source: U.S. Energy Information Administration

Approximately 75% of New York City drivers on the Uber platform own or lease the cars they buy, while the rest are forced to rent.⁴ Like gasoline prices, used vehicle prices in NYC have decreased over the past few years, offsetting the increase in prices observed during 2021. New car prices, as well as rental prices, have remained relatively constant since 2022, allowing wage inflation to catch up over time. Overall, the evidence suggests that drivers have faced steady or decreasing prices over the past few years, while wage inflation has continued to increase.

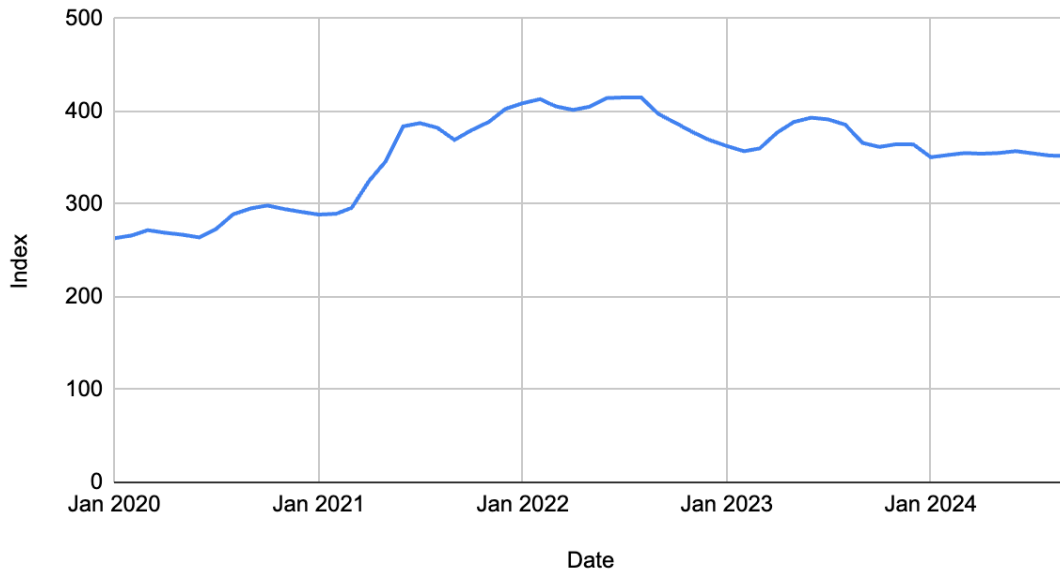
Figures B1 and B2 present the evolution of an index that tracks used and new car prices in New York City. This index is constructed by the Bureau of Labor Statistics, and it is a component of CPI inflation. Figure B1 shows that after an initial increase in prices in 2021, they initially stabilized and then started to decrease steadily. Relative to the peak in 2022, current used car prices are 15% lower. Figure B2 shows that new car prices have remained relatively stable since the end of 2022. Relative to the December 2022 average, prices have increased 1%, well below wage inflation for the period (7.1%). As a consequence, over the period December 2021 - September 2024, wage inflation (19.2%) has achieved parity with new price car increases (23.6%).

³ See Appendix 10A.

<https://static1.squarespace.com/static/53ee4f0be4b015b9c3690d84/t/5b3a3aaa0e2e72ca74079142/1530542764109/Parrott-Reich+NYC+App+Drivers+TLC+Jul+2018jull.pdf>

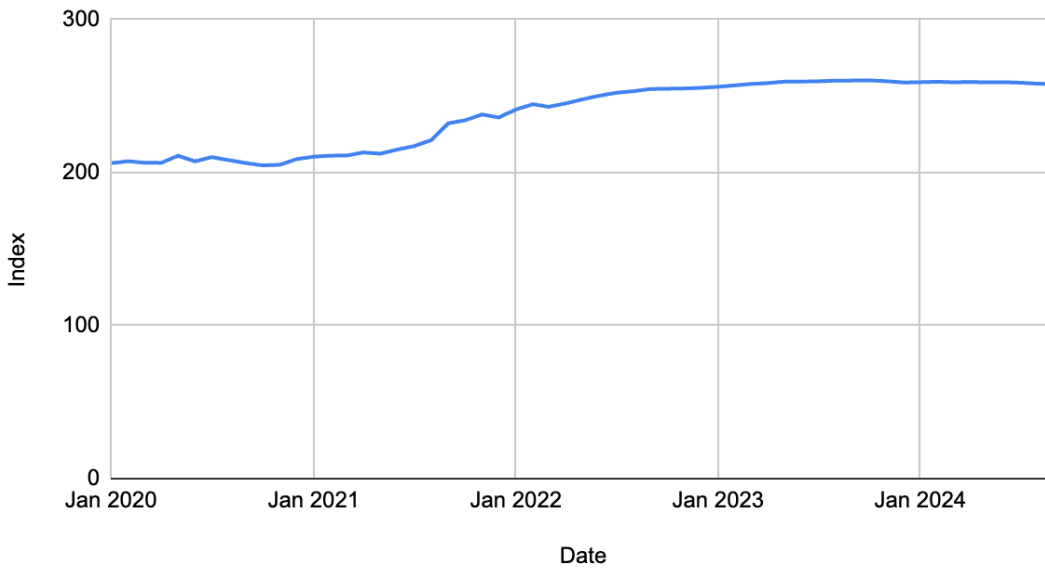
⁴ Based on a survey conducted in March 2023.

Figure B1: Evolution of Used Car Prices in NYC



Source: Bureau of Labor Statistics

Figure B2: Evolution of New Car Prices in NYC



Source: Bureau of Labor Statistics

Table B1 presents the evolution of weekly rental prices for drivers in NYC. According to survey data from March 2023, 25% of Uber drivers rent the cars they drive. It is clear that rental prices have remained virtually unchanged since September 2021 (1.5% increase through March 2024). Because inflation was 11.5% over the same period, this translates into a 10% price decrease in real terms.

Table B1: Average Rental Rate per Week for a Toyota Camry

Date	Average Rental Rate
September 2021	\$371
June 2023	\$377
March 2024	\$377

Conclusion and Recommendation

The data show driver costs have decreased since the Earnings Rule Amendments. By choosing to implement a one-time per-mile increase based solely on the volatile CPI-U Transportation index, the Commission-mandated driver pay rates have outpaced inflation. In 2023 the Commission returned to relying on CPI-W, and CPI-U Transportation inflation fell below CPI-W again.

However, had TLC consistently relied on CPI-W, as originally contemplated by the 2018 Parrot and Reich study, today's per-mile rate would be \$1.277, 6.1% lower than the current rate of \$1.360. Uber submits that the operative per-mile rate should be reduced to \$1.277. Importantly, a 6.1% reduction roughly mirrors the decreased fuel prices discussed above. This 6.1% reduction is needed to ensure HVFHS prices no longer outpace inflation, and riders can continue to afford trips.

Based on TLC trip data for August 2024, the average trip in NYC was 5.2 miles long. Removing the March 2023 extraordinary per-mile rate increase would decrease the price of an average trip by 42 cents. Uber submits the increased demand caused by lower mandatory costs will offset the impact a reduction in per-mile rates would have on total driver earnings.

In addition to removing the one-time per-mile rate increase, Uber proposes TLC adopt New York State's minimum wage adjustment calculation for future rate increases. This would provide drivers with annual per-minute rate increases using the lower of (i) a 3 percent annual rate; or (ii) the average inflation rate for the preceding calendar year – as reflected in the Consumer Price Index for Urban Wage Earners and Clerical Workers for the NY-NJ-PA metro area. Not only does this calculation reflect New York's minimum wage adjustments, it is the calculation the New York Attorney General dictated for minimum rate increases for Uber and Lyft drivers outside of New York City.⁵ The changes recommended herein are reflected in Exhibit A.

Respectfully submitted,

Nicholas Davoli
Sr. Counsel
Uber USA, LLC

⁵ See Paragraph 30 <https://ag.ny.gov/sites/default/files/settlements-agreements/uber-lyft-aods.pdf>

Exhibit A
Proposed Language⁶

§59D-22 Minimum Driver Payment Requirements

(a) A High-Volume For-Hire Service must pay Drivers, at a minimum, the following amounts for each trip dispatched by the Base:

- (1) *Per Mile Rate.* For each mile a Driver transports a Passenger in the City on a trip dispatched by the High-Volume For-Hire Service, the High-Volume For-Hire Service must pay the Driver no less than ~~\$0.762~~\$0.741 per mile for a trip dispatched to a Vehicle that is not an Accessible Vehicle and ~~\$0.987~~\$0.960 for a trip dispatched to an Accessible Vehicle, divided by the higher of the High-Volume For-Hire Service's Utilization Rate or the Applied Utilization Rate, and for trips that begin in the City but end outside of the City, the Base must pay the Driver no less than ~~\$1.523~~\$1.484 per mile for a trip dispatched to a vehicle that is not an Accessible Vehicle and no less than ~~\$1.975~~\$1.925 per mile for a trip dispatched to an Accessible Vehicle for each mile a Driver transports a Passenger outside of the City; and
- (2) *Per Minute Rate.* Beginning January 1, 2019, for each minute a Driver transports a Passenger in the City on a trip dispatched by the High-Volume For-Hire Service, the High-Volume For-Hire Service must pay the Driver no less than \$0.287 per minute, divided by the higher of the High-Volume For-Hire Service's Utilization Rate or the Applied Utilization Rate, and for each minute a Driver transports a Passenger outside of the City on a trip dispatched by the High-Volume For-Hire Service that began in the City and ended outside of the City, the High-Volume For-Hire Service must pay the Driver no less than \$0.574 per minute.
- (3) *Reserved.*
- (4) *Consumer Price Index Adjustments.* Beginning March 1, ~~2025~~2024, and continuing each calendar year thereafter, the dollar amounts in the per mile rates and per minute rates contained in this subdivision will be adjusted using the lower of (i) a 3 percent annual rate; or (ii) the average inflation rate for the preceding calendar year as reflected in the percent increases, if any, in the annual average Consumer Price Index for Urban Wage Earners and Clerical Workers for the NY-NJ-PA metro area[between the previous calendar year and two calendar years prior]. The Consumer Price Index adjusted per mile and per minute rates will be posted on the Commission's website.
- (5) *Hourly Payments.* If a High-Volume For-Hire Service pays drivers on an hourly basis, the payment the Driver receives for each hour the Driver accepts dispatches from the High-Volume For-Hire Service must be at least the sum of the Per Mile Rate for all miles the Driver transported Passengers during the hour and the Per Minute Rate for all minutes the Driver spent transporting Passengers during the hour.

⁶ New language is underlined while omitted language is ~~stricken~~.

§59D-22(a)	Fine: \$500 per instance of under payment. In addition to the penalty payable to the Commission, the Hearing Officer must order the High-Volume For-Hire Service to pay restitution to the Driver, equal to the amount not paid to the Driver in violation of this rule.	Appearance REQUIRED
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Exhibit B

[Prior comments to be attached]

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