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Lyft Public Comments on Sharing Economy Workshop, Project No. P15-1200

Since launching in 2012, Lyft has rapidly expanded across the United States and been embraced by consumers as a safe, affordable and flexible transportation option. Our transportation platform connects independent drivers who are willing to share space in their personal vehicles with passengers who are seeking a ride. The long-term vision is that through the Lyft platform we'll be able to fill the 80 percent of the seats on the road that remain empty, thus reducing traffic, congestion, and CO2 emissions.

Only after the successful completion of an independently conducted background check and vehicle inspection, is a driver permitted to access the Lyft platform. Once allowed on the platform, a driver is free to drive as much or as little as they like.

For the public, Lyft is an affordable and convenient alternative to vehicle ownership. One that is complimentary to many existing forms of public transportation. Tens of millions of consumers have taken a Lyft to commute to work, attend important appointments and engage more fully in their local community.

The rapid rise and success of our new model of helping consumers meet their transportation needs has understandably attracted the attention of local, State, and Federal regulators. Policymakers at all levels of government have invested a tremendous amount of time and effort in crafting regulations to accommodate this new industry.

In the past twelve months, statewide legislation that regulates transportation network companies like Lyft has been adopted in a quarter of the states across the country, including: Arizona, California, Colorado, the District of Columbia, Georgia, Illinois, Kentucky, Maryland, Nebraska, Oklahoma, Tennessee, Virginia, Washington, Wisconsin, Indiana, and Utah.



This remarkable result is thanks to the contributions of lawmakers, varied third party groups and, most importantly, constituents who have let their elected officials know that they desire new, flexible transportation choices and economic opportunity.

While Lyft has been a party to many positive and thoughtful discussions with local, State, and Federal officials about the ridesharing industry, we understand that many officials continue to be concerned about whether and how the industry will serve the public interest and preserve competition.

Lyft shares these concerns, and is working hard to collaborate with officials at all levels to ensure that such issues are resolved in a way that advances the goals of providing safe, reliable, and affordable rides to all who request one. The comments below provide an outline of some of the successes we have had in resolving these concerns, as well as some of the existing challenges that remain.

Virginia, Collaboration Leads to Success

Virginia is a good case study for finding solutions that preserved competition, ensured consumer safety, and safeguarded driver flexibility, all while demonstrating how industry participants and governments could work efficiently through the policymaking process.

In June of 2014, after months of successful operations and tens of thousands of rides, the Virginia DMV sent a cease and desist request to Lyft stating that they believed Lyft was operating without proper regulatory approval.

Shortly after the notice was sent, Virginia Attorney General Mark Herring stepped in to request that the cease and desist order be suspended while the Virginia legislature considered a new set of regulations for Lyft and other transportation network companies. The DMV provided formal recommendations to the legislature but did not seek to unilaterally control the process; rather they also continued to engage with Lyft, and encouraged Lyft to engage directly with the legislature as well. Such collaboration resulted in a law that preserved consumer choice, ensured competition within the transportation industry, and increased access to transportation options within the Commonwealth of Virginia, while also creating a clear framework for other states to follow.

Ongoing Challenges

Despite the collaborative successes seen in many markets, there continues to be challenges that make it difficult, if not impossible, for competition in the ridesharing industry to



flourish and for consumers to benefit from such competition. The examples below are unresolved issues that undermine consumer choice and competition.

I. Price Controls

Establishing artificial government mandated rates that exceed Lyft's market rates is a practice that is harmful to consumers and stifles competition. In multiple jurisdictions this practice has been used in an attempt to protect existing transportation providers' market share.

One example is the Orlando City Council who recently passed an ordinance which requires that a ridesharing trip fare cannot total less than the per mile fare that is established by a taxicab fare. In other words, the Council has prohibited Lyft from offering consumers a ride at a lower rate than that offered by a taxi. This action affirmatively denies consumers the ability to save their hard earned money because they have banned our ability to offer the consumer a more fluid and discounted rate.

Similarly, the New Orleans' City Council passed an ordinance in April of 2015, requiring that a ridesharing trip cost no less than the base fare charged by a taxi. The current base rate for taxis is \$3.50. While in practice this minimum fare requirement seems harmless, it establishes a worrying precedent.

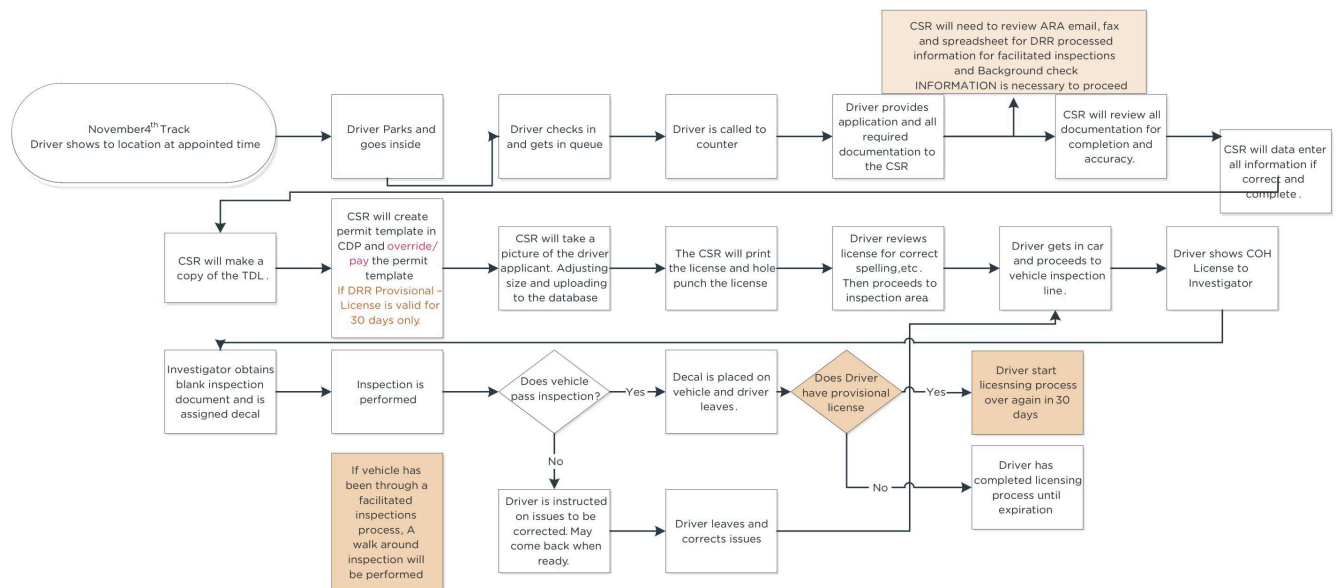
The appeal of price controls is understandable, however, time and again, they have been proven to have severely negative effects on the quantity and quality of service and competition. Market prices are best determined through the dynamic interaction of supply and demand. Ridesharing has brought just such dynamism to the transportation market, and in so doing has provided consumers a cost competitive alternative to traditional forms of transportation.

Government actions like those in Orlando and New Orleans to control supply and demand within the transportation market via a "minimum fare," is counterproductive, as such actions reduce efficiency and access, harm quality, and act as a barrier to true competition.

II. Process as a Barrier to Competition

On August 6, 2104, the city of Houston, Texas adopted a ridesharing ordinance that was so complex that Mayor Annise Parker's office estimated that administering the regulations would cost the city over half a million dollars and require the hiring of eight new employees.

City of Houston 17 Steps to Obtain a Vehicle for Hire Permit



Cost to City = \$600,000

Cost to Driver = \$160

In addition to the high taxpayer cost, the ordinance required potential drivers to take 17 affirmative steps in order to obtain a vehicle for hire permit. Such unnecessary and burdensome procedures not only discourage participation in casual carpooling via Lyft, but also don't serve the public interest in any direct way.

The rationale for establishing such an expensive labyrinth of regulations was the need to establish a system that was equal to or more complex than what current market operators in Houston must comply with in order to protect the economic interests of those incumbent market operators. That is a dangerous and anticompetitive standard for crafting public policy.



III. Airports: Arbitrary Rules and Prohibitions

Engaging with Airports to resolve issues surrounding access, consumer choice, and competition has been particularly difficult. While some airports like San Francisco International Airport, Nashville International Airport and Portland International Airport have worked collaboratively with Lyft on crafting permits to allow Lyft to meet consumer demand for rides to and from the airport, there continues to be an un-willingness on the part of many airports to do so.

It's important to note that even where the controlling jurisdiction has adopted reasonable regulations for transportation network companies, airports generally have the right to tack on additional requirements. Unfortunately, we encounter airports that take advantage of this regulatory authority. For example, the Louisville, KY airport has continued to demand that drivers on the Lyft platform follow an outdated and unnecessary grooming policy. Some representative language includes:

“...if a female, a dress, skirt, trousers or slacks of appropriate length and design or (only between May 15th and September 15th) knee-length shorts which are clean, not denim and not cutoffs; shirt or blouse; neat and clean footwear and proper hosiery.”

In other jurisdictions, we have also experienced a similar type of overreaching. Examples include, among others: paper comment cards in all vehicles, triple access fees as compared to taxis, and onerous driver fingerprinting requirements.

Lyft stands ready to work with airport authorities, as we have with hundreds of local, State, and Federal officials, to ensure that both the public interest and public demand are met. Those officials should be able to demonstrate that the regulations they require serve a specific consumer and public good.