

CITY OF OAKLAND



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To: Members of the City Council and Members of the Public
From: Council President Rebecca Kaplan
Date: July 21, 2020
Subject: **Transportation Network Companies Trip Tax Ballot Measure**

RECOMMENDATION:

We respectfully request that the City Council consider this proposal, in order ensure tax fairness, equitably provide for revenue for public needs, and help fund impacts on our public infrastructure, including those of transportation network companies (“TNC”) that use the public infrastructure for their business purposes:

ADOPT A RESOLUTION ON THE CITY COUNCIL’S OWN MOTION SUBMITTING TO THE VOTERS AT THE GENERAL MUNICIPAL ELECTION ON NOVEMBER 3, 2020, A PROPOSED ORDINANCE TO IMPOSE A GENERAL TAX ON USERS OF TRANSPORTATION NETWORK COMPANIES AT A RATE OF 50 CENTS FOR PRIVATE TRIPS AND 25 CENTS FOR POOL TRIPS; AND DIRECTING THE CITY CLERK TO TAKE ANY AND ALL ACTIONS NECESSARY UNDER LAW TO PREPARE FOR AND CONDUCT THE NOVEMBER 3, 2020 GENERAL MUNICIPAL ELECTION

EXECUTIVE SUMMARY:

Transportation Network Companies (“TNC”) operate in many cities, including Oakland, and the TNC trips use the public infrastructure of Oakland, especially our streets. In order to pick up and drop off passengers, such vehicles often impact bus stops, bike lanes, sidewalks, and roadways. TNC trips also have an accompanying environmental cost due to the air pollution, traffic congestion, and wear and tear on an aging public infrastructure system. TNC trips do not currently pay any taxes to the City of Oakland, though taxis have to comply with various licenses, fees and taxes.

A 2017 study from the *University of California at Davis’s Institute of Transportation Studies* stated, “Directionally, based on mode substitution and ride-failing frequency of use data, we conclude that ride-hailing is currently likely to contribute to growth in vehicle miles traveled (“VMT”). Further, a report by the *San Francisco County Transportation Authority* states: “TNCs drive approximately 570,000 vehicle miles within San Francisco on a typical weekday. This accounts for 20% of all local daily VMT and includes both in-service and opt-of-service mileage.

See, for example, study finding TNC trips causing 180% increase in congestion in some areas:
<https://sf.curbed.com/2018/7/27/17622178/uber-lyft-cause-traffic-streets-congestion-bruce-schaller-tnc-report>

Multiple other jurisdictions, such as cities of Portland, OR and Chicago, IL, and the State of Massachusetts, have implemented per-trip charges for trips taken via Transportation Network Companies.

ANALYSIS:

Currently, while those who do business in the city of Oakland pay taxes, currently, Transportation Network Company trips do not pay taxes to Oakland. This proposal to help restore tax fairness is as follows:

For each non-pool trip that originates in Oakland, a tax of \$.50 will be imposed. For each pooled trip, a tax of \$.25 will be imposed. The tax would be collected by the TNC through the app (along with payment for the ride), and the TNC would remit the taxes to the City of Oakland. These mechanisms are in alignment with recommended best practices. See: <https://www.bloomberg.com/news/articles/2018-07-25/how-cities-should-tax-ride-hailing>

This method would then also avoid the need to try to get individual drivers for their individual business tax payments. While this tax is in effect, Drivers shall not be required to pay Oakland Business Tax for carrying on the business of being a driver in the City of Oakland. The tax would not require city staff to interact with individual passengers to collect the tax, rather, the tax would be added via the TNC app, which would collect and remit the funds in “bulk” to the city of Oakland. Similar systems are in place in other cities and have been successful.

Several amendments have been put in place in response to the concerns of stakeholders. Several classes of rides would be fully exempt, such as urgent health care rides and rides for all wheelchair accessible vehicles. Programs that get youth to and from school would also enjoy an exemption. Finally, Battery-Electric Vehicles would be subject to the same rate per trip as pooled trips, \$.25.

The City Council may, by Ordinance, adopt exemptions, waivers, discounts, or rebates to the tax, including, but not limited to low-income discount programs and free donated rides. The City Council would be authorized to amend the ordinance, and could identify further needed exemptions, amendments, or tiers, but would not be authorized to increase the tax.

The ordinance enacts a general tax. This ordinance will only be effective if approved by a majority of voters. If approved by voters on the November 2020 ballot, the effective date of the Ordinance would be January 1, 2021.

Upon approval by the City Council, the City Clerk is directed to take all of the appropriate actions that would cause this Ordinance to properly appear on the ballot for the November 3, 2020 General Election in the City of Oakland.

CONCLUSION:

This action calls for the City Council to cause the Ordinance to be placed on the November 3, 2020 General Election Ballot for the City of Oakland. If passed, The City Council would amend the Oakland Municipal Code to include Chapter 4.25, “The Transportation Network Company User Tax” to apply a tax of 50 cents on TNC trips (25 cents for pool trips).

This will improve equity and fairness, in terms of various users of our public infrastructure, contributing toward public funding needs. The Ordinance does provide the opportunity for a waiver for other programs that provide free or discounted trips for low-income users. Other jurisdictions, such as Portland, Chicago and the states like Massachusetts and Connecticut have successfully implemented such a tax.

City Council
July 21, 2020
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