



Roll Ride-Sharing Regulations Across the Finish Line

By Michael Van Beek

Summary

Uber, Lyft and similar companies have shaken up the transportation industry. It's time for Michigan to update its regulations on ride-sharing, taxi and limousine services with a level playing field that applies across the state.

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A couple of years ago, the Michigan Legislature began debating whether to create new regulations for ride-sharing companies, like Uber and Lyft. Back then, only a few states had tackled this issue and Michigan was out ahead of the game. Legislative talk did not lead to action, however, and the state fell behind the rest of the country in how it regulates this new way of getting around.

According to the Council of State Governments, Colorado created the nation's first statewide ride-sharing regulations in June 2014. Since then, 38 other states have done the same, including all of Michigan's immediate neighbors — Ohio, Indiana, Illinois and Wisconsin. The quality of these regulations vary, but they all create a more consistent and predictable environment for drivers, riders and ride-sharing companies.

There are several reasons why Michiganders would gain from a set of statewide regulations. First, it would make it legal for anyone to start driving for Uber or Lyft or even start a competing service. Right now, only people living in a handful of cities can legally earn money by driving for Uber or Lyft. Second, new ways of doing business need new regulations, not old ones. Michigan's current mishmash of state and local regulations for taxi and limousine services doesn't meet the regulatory needs of ride-sharing.

Another reason is that Michigan's losing out on potential investments because local governments have been inconsistent and unpredictable in their regulations. Ann Arbor and Detroit have wavered on whether they'll allow ride-sharing, leaving drivers and the companies in a precarious situation. The R Street Institute, a Washington, D.C., think tank, gave Detroit's Uber regulations a C-minus grade after comparing them to others around the country.

The good news is that the Michigan Legislature is considering very solid ride-sharing regulations. These would require companies to contract only with drivers who have a clean driving record and have passed a rigorous background check. Ride-sharing companies would also have to carry a certain level of insurance, ensure that all vehicles are inspected annually by a certified mechanic and subject themselves to a state audit. The regulations would also prevent local municipalities from piling on their own set of rules.

The proposed regulations would create a level playing field for the likes of Uber, Lyft and their taxicab rivals. Taxi companies made a legitimate



The new business of ride-sharing calls for one simple statewide set of regulations.

complaint that the state might unfairly disadvantage them if it created statewide regulations only for new ride-sharing services. What's being considered in the Legislature now would treat everybody the same — taxis, Uber, Lyft and even limousine companies.

Crafting new regulations is a tricky business. They must be firm, but also flexible; impartial, but specific; clear, but detailed. Spend a moment talking to anyone in a heavily regulated industry and you'll hear firsthand how often politicians and bureaucrats get things wrong. The ride-sharing regulations legislators are considering, although not perfect, have many of the qualities of good regulations. Michigan should join the rest of the country and officially legalize ride-sharing so all Michigan residents can benefit from this innovation.

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