

ACT Issues Policy Guidance Regarding the Definition of Ridesharing

Transportation service providers Uber, Lyft, and Sidecar have recently been under siege from local taxicab companies and public utility commissions. These companies provide a demand-based real-time transportation service that could be considered peer-to-peer taxi-services (the models differ). In order to avoid being regulated, these entities have called what they provide 'ridesharing'. However, their models certainly do not mirror those of ridesharing. Specifically, the models employed provide car owners with an incentive to act as taxis. Normal citizens could employ their auto to be a profit center, while at the same time providing a cheaper alternative to a taxi.

Ridesharing is a model in which people share a ride, rather than generate a ride. It is important to note that over the past several years, rideshare companies have employed similar and effective uses of smartphone technology for arranging legitimate carpools where travelers are going to a shared destination (work, special event, or otherwise). In some of these cases, smartphone technology may also be used to reimburse drivers for a portion of the cost of the shared trip. This is noted in legislative language in MAP-21 that ACT championed (Section 1501 which amends the definition of rideshare under US Title 23). However, that shared cost cannot exceed the cost of the trip and has generally been set at a rate below or equivalent to the IRS mileage rate divided by the number of people sharing the ride.

Thus, ACT is releasing the following policy guidance to state and local entities wishing to provide regulations on the services provided by companies like Uber, Sidecar, and Lyft:

- **Uber, Sidecar, and Lyft are not ridesharing, nor are the new services they market carpooling. Do not regulate real ridesharing or carpooling** – The services provided by Uber, Sidecar, and Lyft utilize a model that allows the driver to profit and thus incentivizes the driver to generate trips the driver would not ordinarily make.

The Association for Commuter Transportation defines ridesharing as individuals sharing a ride with common origination and destination or along a common route, whereby costs may be shared, but the driver does not profit above the costs of the trip.

- **Regulate business models, not the technology** – The technologies used by traditional rideshare as well as these new transportation network companies is nearly identical. As state and local governments move to regulate these services, it should be careful not to regulate the technology. Regulations should be based on the use of the technologies.
- **Exempt True Ridesharing** – Universally, ridesharing has been exempt from stringent regulation because ridesharing provides a measurable public good. Ridesharing (using the definition above) should be made specifically exempt from regulations placed on these new services.