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## Uber, Other Companies Drowning in Sea of Regulatory Red

By *Alfredo Ortiz*

Comedian Jerry Seinfeld once asked, “What’s the deal with the cab drivers and the B.O.?”

The answer to his rhetorical comedic question isn’t quite so funny. Cab companies have long operated as virtual monopolies, benefiting from strict government regulations that have prevented new taxi competition. As a result, they have been guaranteed customers and have historically had little incentive to offer good service, like friendliness or cleanliness.

The taxi industry is trying to maintain this lucrative status quo by pushing new regulations in Florida that would make it more difficult and expensive to use Uber and other new and wildly popular ride-sharing services that are disrupting it.

Senate Bill 1298, recently passed by the Florida Senate, requires all Uber drivers to hold Florida government-approved insurance despite the extensive commercial insurance policy that Uber already offers. It also places additional insurance requirements on drivers when they’re not logged in to the Uber app.

Florida voters left out in the rain and unable to find a taxi as a result of this potential regulation should remember how their legislator voted on this issue. And while they’re waiting, they can contemplate the broader issue: How the government — through its power as regulators — picks winners and losers in the economy rather than letting the collective decisions of its citizenry decide which products and services succeed and which fail.

It’s easy to understand why cab companies are worried about the competition. According to a new report by Certify, an expense management company, Uber accounted for 47 percent of the ground transportation rides taken by its users in March, more than triple the 14 percent from a little more than a year ago. In some cities, Uber is more popular than taxis.

The taxi industry claims that these regulations are about safety. “They don’t guarantee you a safe ride; they don’t guarantee you a safe car; they don’t guarantee you insurance; they don’t guarantee you anything,” Florida Taxicab Association President Lou Minardi said recently.

This is fearmongering at its finest. In fact, Uber offers a \$1 million insurance policy for all its rides, four times the \$250,000 that Florida taxis offer. It also requires its fleet to be model year 2005 or newer, a nicer ride than many of the beaters offered as taxis around the state. And all its applicants must go through rigorous criminal background checks before driving.

In the face of these facts, the bill’s sponsor, Sen. David Simmons, a Republican, has used slightly more nuanced alarmism, stoking fear about so-called “rogue drivers” who pick up passengers when not logged into the app. “What happens if he runs over three or four people during that time?” he asked.

Rumors of rogue Uber drivers running over hapless pedestrians are, of course, greatly exaggerated. But such fearmongering, no matter how bla-

tant, is key in creating the perceived necessity to get these regulations passed.

In fact, this strategy — stoking irrational fear at the behest of entrenched interests — epitomizes how many of the regulations that burden businesses and prevent wealth and value creation are passed. Look at the significant role that big pharmaceutical companies played in crafting parts of the Affordable Care Act or how Big Tobacco is lobbying for bans and regulations on e-cigarettes for proof.

As a partial result of this dynamic, for the first time in recorded history more businesses are closing their doors than are being created. By some measures, the regulatory burden for businesses is even greater than their tax burden. In fact, Uber has said it will pull out of Broward County if even stricter county regulations are passed on ride-sharing services because they’d simply be too burdensome to operate under.

The number of pages in the Federal Register, which records the nation’s regulations, can serve as a rough proxy to the size of this burden. It is now over 77,000 pages, and five of the six all-time high-page counts have occurred during the last six years. American businesses, meanwhile, are drowning in a sea of regulatory red tape trying to comply with all of them, and we all suffer the consequences.

If only there were an app for that.

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