

Ian Adams: Fresno hits right note on for-hire ride services

By Ian Adams

When it comes to getting around town, Fresno has struck a good balance between regulation and innovation.

A newly released study by my colleagues at the R Street Institute, which examined the regulatory environment for taxis, limos and transportation network companies, ranked Fresno third best overall, behind only Minneapolis and Washington, D.C.

In California, Fresno ranks first — by miles.

Over the past few years, the transportation-for-hire industry has become increasingly competitive. TNCs, services that allow people to use applications on their smartphones to arrange rides with amateur or semi-professional drivers, have claimed a niche in this slow-to-change industry. The introduction of a new type of competition has pushed taxis and limo services onto the defensive.

Some cities have buckled under the political pressure of the taxi and limo industries and have erected regulatory barriers to TNC operations. In more extreme cases, cease-and-desist orders were sent to TNCs in an effort to shut them down completely.

Fresno has resisted these efforts, perhaps because it already had a moderate approach on taxi and limo regulation. For instance, Fresno places no fleet-size restrictions on taxi operators and insists on no minimum fare for limo services. By showing regulatory restraint, Fresno has offered all sectors of the transportation-for-hire industry an opportunity to flourish.

In less dense metropolitan regions, like Fresno, transportation-for-hire is critical. National Highway Traffic Safety Administration statistics indicate that, of major cities, Fresno residents suffer the seventh-highest rate of alcohol-related fatal crashes per capita. Fostering an environment conducive to affordable and readily available transportation for those under the influence of alcohol will forestall utterly avoidable fatalities.

TNCs, in particular, are well suited to provide services on the city's periphery, with flexible and less costly alternatives to traditional transportation options. Since TNCs operate on the principle that drivers pick-up passengers in close proximity to them, they are able to realize savings that cabs or limos cannot when they are summoned from great distances.

To be sure, TNC services are not without their unresolved issues. Questions about how to accommodate disabled passengers and what kinds of insurance policies will be required to cover TNC activity, demand ongoing attention. Still, as with any novel venture, these questions will be answered over time through trials of the various costs and benefits.

An opportunity to refocus on the role and regulation of transportation-for-hire should not be confined to TNCs. Fresno's success in the R Street study is relative to other, more hostile, jurisdictions. Thus, to create a truly friendly regulatory environment, serious consideration should be given to relaxing the regulatory burden on all parts of the transportation-for-hire industry.

Still, Fresno has set itself apart in California and demonstrated the kind of municipal leadership that other jurisdictions need. The people of Fresno are better for it.

Ian Adams is California Director of the R Street Institute, a Washington, D.C. based think tank that promotes free markets and limited, effective government.

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