

As industry shifts, Las Vegas cabs do some soul-searching

February 11 2016, byMichelle Rindels

The arrival of Uber and Lyft in Nevada last fall and a state audit accusing regulators of allowing cabs to charge \$47 million in excessive fees each year have the powerful Las Vegas taxi industry and its overseers in the hot seat, facing down a recommendation that the agency be disbanded and its duties passed to another entity.

Nevada lawmakers met this week to discuss the fate of the Nevada Taxicab Authority, which regulates cabs in the Las Vegas area, and get its board members' side of the story. Legislators are postponing any decisions about whether to abolish the agency until a second, taxi company-funded audit is complete, but the meeting laid bare how cabs are struggling to keep pace with new technology and increased competition.

"Transportation is changing. Technology is changing. The public has many choices now," said Bruce Breslow, director of Nevada's Department of Business and Industry, an umbrella organization over taxi regulators. "It's a tough industry. It's tough for the drivers now. It's tough for the longtime owners ... and it's going to tougher."

Nevada opened the door in September to ride-hailing companies Uber and Lyft, who have signed up about 19,000 drivers so far. In Clark County, home of Las Vegas and the majority of Nevada's population, there are about 10,000 taxi drivers, and state officials say it's getting tougher for companies to recruit drivers in light of the competition.

The latest shakeup came a few weeks ago, when state auditors slammed the Taxicab Authority and recommended its duties roll over to an agency that regulates cabs throughout the rest of the state. Among other things, the scathing audit criticized the agency for greenlighting a \$3-per-transaction credit card fee on top of cab fares that hover average about \$17 apiece in Las Vegas.

Nevada Sen. James Settelmeier took the flak on that one, saying the Nevada Legislature approved the surcharge six years ago as a way to cover processing cards when credit cards were perhaps less ubiquitous than now. Cabs take in about (\$27 million) a year in the fees, according to the audit.

But the fee looks increasingly antiquated for a customer base accustomed to using their credit card account fee-free to pay Lyft or Uber fares. Taxi drivers themselves showed up to the Tuesday meeting with lawmakers to complain about the fee, saying they're not getting a cut of that money and customers forget to tip the cabbie on the assumption that the fee is a tip.

Lawmakers also drew attention to another way cabs are behind their completion. The Taxicab Authority offers no way for customers to rate their cab driver online—a feature popular in Uber and Lyft apps that incentivizes good service.

"It's like you're walking into the precinct from Barney Miller where everybody's still working on four copies of paperwork," Breslow said, referring to a TV show from the 1970s. "Modernization is a top priority."

The cab industry lost its fight in the Nevada Legislature last year to subject ride-hailing companies to the strict regulations it faces, including limits on the number of cabs on the road at any given time.

Members of the taxi regulatory board, appearing somewhat shaken by the audit on Tuesday, defended their board's work and argued for preserving the authority as a standalone agency dealing only with Clark County cabs. They highlighted how its management of taxi supply keeps roads orderly when throngs of visitors come to Las Vegas for big events, such as major boxing matches.

"I think it works well the way it is," said Nevada Taxicab Authority Chairwoman Ileana Drobkin. "I'm very proud of what we've done."

But change appears inevitable for Las Vegas cab drivers, who for decades could make a comfortable living whisking millions of tourists a few miles from the airport to the Strip. In the middle of discussions Tuesday, Breslow dropped a stark reality check: In four or five years, there won't be [taxi drivers](#)—just self-driving cabs.

"The industry will continue to change," he said.

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