Ohio House House of Representatives
Finance Committee

Lyft Opponent Testimony Regarding the Sales Tax on Transportation Network Companies
May 6, 2019

Chairman Oeslager, Vice Chairman Scherer, Ranking Member Cera and members of the Ohio House Finance Committee, we are writing to express serious concerns about the recently accepted expansion of the Sales Tax on Transportation Network Companies (TNCs), to include Lyft, which is one of the only two TNCs in the State of Ohio.

Across the Buckeye State, Lyft contributes to a growing, business-friendly Ohio economy where both residents and visitors benefit by relying on an affordable, reliable, and convenient rideshare service. In fact, people explore more areas of their city because of Lyft, and as a result, spend more. In 2018, local spending in Columbus increased by $16.6 million, $18.8 million in Cincinnati, and $20.6 million in Cleveland due to the availability of Lyft. Moreover, the median household income of Lyft riders is far lower compared to that of the household income of major Ohio cities -- nearly two-thirds of the rides start or end in low income areas. Lyft's ability to continue providing this equitable service is integral to enabling the best experience for Ohio residents and visitors.

Lyft also serves as an important tool in helping passengers transition from personal vehicles to shared transportation with nearly a third of Lyft riders in Ohio taking public transit once a week. Further, we are providing travel options that improve mobility and encourage individuals to leave their cars at home. For example, 30% of Lyft riders in Ohio do not own or lease a personal vehicle and 63% of non-car owners say Lyft has impacted their decision not to own or lease a personal vehicle.

The potential to provide even greater transportation access, change and innovation to Ohio is exciting. However, a sales tax would have a deleterious effect on the Lyft community, and that is why we strongly oppose a sales tax on TNC rides.

As evidenced above, Lyft has become an essential transportation option for many across the state: a new sales tax on TNC rides would undermine the progress we have made in providing affordable, reliable rides for many Ohioans. A sales tax -- plus the recently increased gas tax set to go into effect this summer -- could have severe and disproportionate impact on those who can least afford it, not to mention the impact on Lyft drivers themselves. Of additional concern, the sales tax being considered by the Ohio House of Representatives will force passengers to pay one of the highest sales taxes on ridesharing in the nation.

Making rides more expensive could encourage passengers to drive themselves. If Lyft is too expensive, passengers may choose their personal vehicles over ridesharing. Lyft serves as an alternative option to helping people get home responsibly from bars, restaurants and other entertainment venues where alcohol is consumed. In Ohio, 75% of Lyft users say they are less likely to drive substance impaired due to the availability of Lyft. This shift in behavior has resulted in a decline in impaired driving in cities across the country. Most recently, Sioux Falls reported the lowest drunk driving arrests in more than a decade after Lyft's first full year of operation. Miami-Dade, the largest police department in Southeastern US, reported in 2018 that DUI arrests were down 65% in part because of ridesharing.

Furthermore, we firmly believe a sales tax would stymie economic opportunities for drivers. Teachers, police officers, seniors and students benefit from Lyft and drive part-time on our platform to make supplemental income. For example, 95% drive fewer than 20 hours per week and 97% say a flexible schedule is very or extremely important. Trips are the cornerstone of driver earnings. Adding taxes would mean lost trips and lower earnings for drivers. The impact could be far-reaching: 29% are over the age of 50, 33% are female, and 10% are veterans of the armed forces.

For these reasons and more, most states do not tax ridesharing. More importantly, many states believe it is good public policy to promote alternatives to personal car ownership and use and that by keeping fares on ridesharing low it incentivizes people to choose rideshare over their own cars while providing a meaningful earning opportunity to drivers.

We respectfully urge the Ohio House of Representatives to remove the language contained in the Substitute version of House Bill 166 that places a sales tax on TNC rides. The new sales tax will have a significant and negative impact on riders and drivers who depend on Lyft as a crucial transportation service in their lives.

We look forward to continuing to engage with you through the legislative process. Please know we remain committed to continuing to provide affordable, reliable and convenient rideshare service that Ohio passengers deserve and have come to expect.

Mr. Chairman, members of the Committee, for the reasons outlined above we respectfully ask you to reconsider placing a sales tax on the Transportation Network Company industry.