

MEMBERS PRESENT:

Chairman Price
Mr. Beyer
Mr. DuBois
Mr. Prengaman
Mr. Schofield

STAFF MEMBERS PRESENT:

Fred Welden, Legislative Counsel Bureau
Janice Fondi, Secretary

GUESTS PRESENT:

See attached guest list.

WITNESSES TESTIFYING:

See attached guest list.

Chairman Price called the meeting to order at 11:15 A.M. and explained to the guests present that this was a hearing of the Subcommittee on Transportation and introduced the members of the subcommittee and outlined the procedure he wanted the witnesses to follow. The hearing was primarily for the taxicab drivers rather than the owners so that they could have an opportunity for input on the various bills affecting them. The bills scheduled to be heard were AB 179, AB 218, AB 419, AB 595, SB 398 and SB 399. Chairman Price set the time limit at five minutes for each speaker.

SB 398 - Allows holder of certificate of public convenience and necessity to lease taxicabs to independent drivers.

Jim Lovelace, Whittlesea Cab Company, employed with them for five years as a cab driver, opposes this bill. He thanked the committee for coming to Las Vegas to listen to the drivers because this bill is very important to them. According to this bill, Mr. Lovelace indicated that he would have to pay a daily lease to the cab owner, buy his gas, possibly pay for the maintenance of the cabs and for the dispatch service. The fee, which would be required under the lease with the cab owner, would just allow him to lease and drive the cab each day. Under private ownership, eventually that fee would pay the bank off for his cab so that he would actually own his own cab someday. Under this bill the final payment will never come and he will never be the sole owner of the cab.

Mr. Lovelace explained to the committee what would happen if he had to make his living under the leasing obligations as outlined in this bill. Economically, he would have to get as many high-priced fares as possible, regardless of how honest it would be. For instance, there is a first time visitor at the airport who wants to go downtown to the Mint. If he took them from the airport downtown on Paradise Road, the fare would be \$8.55. If he takes them down the freeway, the fare would be \$10.95; but under this new bill the way to take them would be to go straight out Russell Road to Boulder Highway and make one left turn and

go straight up the street to town for \$18.00. These are the kinds of things that would happen under this bill.

On Friday nights when it's busy and there is a little old lady at Desert Inn Road and Eastern at a Safeway Store who needs a ride for two blocks, she could crawl for all he cares because he would be wasting his gas and time when he could be picking up a guy at Ceaser's Palace and make much more money. The only reason why he goes on those runs now is because of fear that his company may learn that he did not go as dispatched to do. He could be dismissed for not following the company rules. The company has a responsibility to serve the public. The small companies that appear to be lobbying for the bill do not even have dispatch services and are not serving the public in the same aspect as the big companies. Mr. Lovelace presented his written testimony to the committee attached hereto as EXHIBIT A.

Mr. Prengaman asked Mr. Lovelace what costs the individual driver would be expected to pay under this bill. Mr. Lovelace replied the problem is that the costs could cover almost anything. It could be gas, dispatch service, maintenance, insurance, anything the cab owner decides to charge.

Mr. Lovelace asked the committee to defeat this bill and also to add to the Taxicab Authority one cab driver member so that the drivers are represented by a third party voice in the meetings and hearings when rules, regulations and new legislation are considered. AB 595 speaks to this problem.

Mr. Price mentioned that AB 595 proposes to add a driver and a certificate holder to the Taxicab Authority.

When Mr. Price asked if there were any amendments in the form of restrictions in leasing that could make this bill good for the drivers as well as the companies, Mr. Lovelace said that Las Vegas was a unique city that is tourist oriented. Leasing works in cities that do not have the industries such as gaming. He was adamant that leasing will never work in Las Vegas.

Mr. Ken Westner, Elite Cab Company, opposes this bill and stated that he would go on welfare if the bill passes because he would not be able to make a living under the lease proposal.

Mr. Jack Thompson, Whittlesea Cab Company, opposes the bill in its present form, but if it was amended to state that after a year's minimum lease, the owner-operator cabs would release the medallion, he could support it.

Mr. Craig Harris, Yellow Cab Company, opposes the bill. He stated the idea of leasing is fine, but the practical application of it was a can of worms. His testimony was very similar to that of Mr. Lovelace.

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Mr. Dee Floyd, Yellow Cab Company, opposes the bill and stated that the public would suffer as to service to them. His testimony was similar to that of Mr. Lovelace. He added that he supports the implementation of a statewide Transportation Committee.

Ms. Edna Brotherton, Whittlesea Cab Company, opposes the bill. She presented the committee with written testimony attached hereto as EXHIBIT B. Ms. Brotherton stated she was against leasing and told the committee that it would provide the drivers with a license to steal. In other cities leasing works well, but they depend on radio calls strictly. In Las Vegas many drivers never take a radio call and she pointed out that it is very important for Las Vegas residents to have drivers take radio calls.

Mr. William C. Woodruff, Henderson Cab Company, opposes the bill. He told Mr. Price that the average book at the end of the day for him is \$80. If he had to lease a cab for \$60 and buy gas for \$20, he would not make a profit.

Mr. Prengaman asked for some information from the drivers concerning the portion of the bill which pertains to geographical areas.

Mr. Vince McIntosh, Whittlesea Cab Company, opposes this bill for the same reasons the previous speakers have pointed out.

Mr. Murray Rosner, Whittlesea Cab Company, opposes the bill. The main point of his testimony was to indicate that for all intents and purposes there are eight companies or corporations that have become fat and rich, and this bill would provide the means for the ultimate rip-off. He stated that the public and the cab drivers will suffer, and the only ones who will profit are the companies.

Mr. Rosner wanted to speak about the geographical portion of the bill. He stated that would pertain to primarily one company, the North Las Vegas Taxi Company, owned by a man named Charlie Frias, who owns four other companies. He bought the company with the understanding that he would operate in North Las Vegas, and Mr. Rosner said that obviously this is not working out for him as he is losing money and sending his drivers all over Clark County who are stealing calls.

Mr. Bob Bodak, Whittlesea Cab Company, opposes the bill in its entirety.

Mr. Adrian Arakie, Whittlesea Cab Company, opposes the bill and thanked the committee for coming to Las Vegas. He pointed out that the benefits of the lease are one-sided, in favor of the companies. With no set rates the drivers are going to be

victimized with the companies absolving themselves of almost all responsibility. He agreed with Mr. Lovelace's testimony and indicated that the reason he can pick up the local residents, such as a little old lady who cannot walk home from the store, is that the company provides him with insurance benefits, bonuses and other benefits. He would prefer to remain a conscientious and courteous driver, but this bill will make a thief out of him. His conclusion to the committee was that this bill has no merit, is not practical and does not provide any benefits for the employees of this industry and should be shelved.

Mr. Hi Henry, Checker Cab Company, opposes the bill and told the committee he has the option of working a six-hour shift for five days per week. If he had to lease a cab, he would have to work 12 hours per day, and he does not want to work that hard. He mentioned that the Taxicab Authority has added more cabs, which decreases the amount of money the individual driver can make.

Mr. Ron Krever, Whittlesea Cab Company, opposes the bill and mentioned to the committee that Whittlesea seemed to be the only company that encouraged the drivers to attend the hearing. He agreed with the previous testimony given.

Mr. Jim Maddock, Whittlesea Cab Company, opposes the bill. He told the committee that he did not believe that the committee could fully understand the total negative aspects of the leasing bill. The cab drivers would be turned into a pack of animals. He agreed with the previous testimony. He had spoken to drivers who said they would not drive a cab under the conditions created by this bill unless they were armed.

Mr. Ron Sanderson, Whittlesea Cab Company, opposes the bill because he would no longer be able to make a living under the lease conditions.

Mr. Bob Huff, Whittlesea Cab Company, opposes the bill and agrees with the previous testimony. He said the drivers need some type of a rate increase.

Mr. Pat Williams, Henderson Cab Company, opposes the bill and stated that it would not serve the purposes it was intended to serve and agreed with the previous testimony.

Mr. William Dickens, Whittlesea Cab Company, opposes the bill and told the committee that he had seen this same leasing idea pursued in other states. The outcome has been that the taxicab loses its complete purpose of transporting people from one place to another safely and independently. He had owned his own cab in Portland, Oregon where the medallion started out at \$44,000 for half a shift and went as far down as \$4,000

for the whole shift. The business was regulated to the point that no one could make money as a cab driver.

Mr. DuBois asked about the lease system in Portland, Oregon, which was similar to this proposal. Mr. Dickens explained that it started out company, went to lease and then to owner. The company retains its franchise and the drivers rent from him. As a result, Portland, Oregon has the best bus system in the world, directly attributable to the poor cab system.

Mr. Dickens cited an example of how leasing affects owners and drivers by relating an incident of a cab driver who was imprisoned for five years for armed robbery and shooting a cab driver. He later bought the cab company.

Mr. Price mentioned that his committee was having research done on the Portland, Oregon Bus System because it is reputed to be so good. He said he wondered why it was so exceptional and now has his answer.

Mr. Tom Zimmardi, Whittlesea Cab Company, opposes the bill. Basically, he said, most of the cab drivers, including himself, ran away from big cities where they had to be animals. They are in Las Vegas to live like human beings and if the system goes to leasing cabs, he will go back out to fight and steal as much as he can.

Mr. Bob Larson, Whittlesea Cab Company, opposes the bill. He said if the bill goes through, he will not be driving a cab, as he will seek other employment rather than turn into an animal.

Mr. Gene Barnhardt, Whittlesea Cab Company, opposes the bill. He agreed with the previous testimony.

Mr. Chuck Richards, Whittlesea Cab Company, opposes the bill. He told the committee that the only company in Las Vegas that does not want this leasing is Whittlesea. He agrees with the previous testimony and described the bill as ridiculous.

Mr. Richard Noll, Whittlesea Cab Company, opposes the bill for the same reasons as previously stated. He added that there would be no cabs available at Christmas time, and that would be for a three-week period.

Mr. Bill Holloway, Yellow Cab Company, opposes the bill. He mentioned that he had appeared before an ad hoc committee last year, which resulted in some of the bills before the committee now. There was some general discussion between Mr. Holloway and the committee members regarding other pending legislation.

Mr. Karvel C. Rose, Assistant Coordinator of N.I.C., presented the committee with written testimony as to the position of the N.I.C. on SB 398, attached hereto as EXHIBIT C.

Mr. Rose explained to the committee that this bill would make a mockery of workers' compensation. The bill allows drivers to elect coverage as a sole proprietor. Currently the premium for a self-employed, owner-operator of a taxi ranges from \$126 per month for a person under 40 years of age to \$219 per month for those over 65. The rates are high because of high loss experience (mainly medical expense) and because the covered employee and the employer are one and the same person, so that the employer control over claims is lost. With these rates, they expect that few, if any, drivers will agree to pay for workers' compensation. The result will be many workers in a relatively high hazard occupation with no workers' compensation insurance.

In summary, Mr. Rose said they believe the bill evades the state's workers' compensation law, conflicts with sound principles of industrial accident insurance, will result in workers without any or without adequate coverage and will add unnecessary administrative costs. See EXHIBIT C for full text.

Mr. Roger Hansen, Whittlesea Cab Company, opposes the bill. He expressed a number of problems with the Taxicab Authority and said they do not step in to resolve differences or grievances between drivers. He favors AB 595, which puts a cab driver on the Taxicab Authority Committee.

Mr. John Flaum, Whittlesea Cab Company, opposes the bill. He also expressed unhappiness with the Taxicab Authority and cited examples of people not being fairly treated.

Mr. Ken Reckert, Whittlesea Cab Company, opposes the bill. He agreed with the previous testimony and added that if leasing occurs and fighting between drivers results, the tourists will get a very negative picture of Las Vegas, which they will take home with them. He pointed out this would in time hurt the tourism industry.

Mr. Rocky Beridoscci, cab driver, opposes the bill. In response to various questions about the Taxicab Authority, Mr. Price explained the makeup of the Authority and its reasons for existing.

Mr. Robert Chambers, Whittlesea Cab Company, opposes the bill. He commented to the committee that AB 595, which pertains to adding a cab driver to the Taxicab Authority, should be amended to say "the driver is not working for the certificate holder." He pointed out that the certificate holder could exert undue influence upon the driver member if he employed him. Mr. Price told him that was a good point.

Mr. Arthur Cody, Henderson Taxi Company, opposes this bill. As a former policeman, he stated that if this bill passes, he foresees tremendous havoc and problems for law enforcement.

Mr. Jewels Brodsner, Whittlesea Cab Company, opposes the bill. He expressed to the committee that cab drivers should not work longer than ten hours, as their judgment becomes impaired and it then becomes dangerous for them to be on the highways. In leasing he would be driving many more hours than the 12 he usually drives right now. In response to Mr. Prengaman's question as to what "front-end loading" means, Mr. Brodsner replied it is simply when a cab driver does not get in line, but instead pulls ahead of other cabs and picks up fares.

Mr. Barney Irvine, Whittlesea Cab Company, opposes the bill. He agreed with the previous testimony concerning leasing of cabs.

Mr. Lovelace, who was the first witness of the day, was asked if he had anything to add to his testimony as he was not given as much time as many of the other speakers. He told the committee that he believed that the committee's legislative intent was to help him as a cab driver, but the leasing of cabs was not the way to do it.

Mr. Price adjourned the hearing at 3:00 P.M.

Respectfully submitted,

Jan Fondi

ASSEMBLY

AGENDA FOR COMMITTEE ON.....TRANSPORTATION.....
FRIDAY

Date MAY 8, 1981.....Time 11:00 A.M. Room N.L.V. CITY HALL

Bills or Resolutions
to be considered

Subject

Counsel
requested*

THIS AGENDA CANCELS AND SUPERSEDES THE PREVIOUS AGENDA FOR THIS DATE

- | | | |
|--------|--|--|
| AB 179 | Makes various changes in provisions regarding regulation of taxicabs. | |
| AB 218 | Expands regulation of taxicabs to all counties and transfers regulation to department of motor vehicles. | |
| AB 419 | Creates commission to regulate the transportation of passengers. | |
| AB 595 | Adds qualifications for certain members of taxicab authority. | |
| SB 398 | Allows holder of certificate of public convenience and necessity to lease taxicabs to independent drivers. | |
| SB 399 | Provides for equal allocation of taxicabs among all certificate holders under jurisdiction of taxicab authority. | |

*Please do not ask for counsel unless necessary.

ASSEMBLY TRANSPORTATION COMMITTEE

GUEST LIST

Date: MAY 8, 1981

KARVEL C. ROSE

ASSISTANT COORDINATOR
NEVADA INDUSTRIAL COMMISSION
STATE OF NEVADA

2601 E. SAHARA AVENUE
LAS VEGAS, NEVADA
891-5114

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	X	X	"
Rodney Elkins	/ CAB DRIVERS			
✓ Jim Waddock	/ Whittesea 12:23		X	"
Ron SANDERSON	/ WHITTLESEA		X	"
DRIVE WILCOX	/ yellow	X		
✓ Bob Huff	/ Driver whittesea		X	
GARY ABBOTT	/ CAB DRIVERS		X	50 39
Janet Williams	/ Housewife			
✓ Art Williams	/ Henderson			
RN McSwain	/ western			
Marty Bury	/ 3950 L V Blvd			
Jim J. Felt	/ Drive 305			
CHAS S. JOHNSON	/ DRIVERS	✓		
✓ Dickens W. William	/ Blue Cab Co.		X	
✓ Tom ZIMMARDI	/ BLUE CAB 12:35		X	
✓ ROBT LARSON	/ BLUE CAB		X	
Eugene C. BARNHARTT	/ Blue Cab		X	
CHARLES RICHARDS	/ BLUE CAB		X	
Richard C. Noel	/ Blue Cab.		X	
✓ BILL HOLLOWAY	/ YELLOW CAB			
✓ [unclear]	/ BLUE CAB			
	Mike Sloan			L.V. Taxi Cab

ASSEMBLY TRANSPORTATION COMMITTEE

GUEST LIST

Date: MAY 8, 1981

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK		
		FOR	AGAINST	BILL NO
✓ JAMES A. LOVEHACE	CAB DRIVERS Whittlesey		X	S.B. 399
✓ CRAIG HARRIS	" "		X	"
✓ DEE FLOYD	" "		X	"
✓ Edna Brothers	" "		X	"
✓ William C. Woodruff	CAB DRIVER		X	
✓ Vincent McIntosh	" "		X	
✓ Jack Thompson	Taxi Driver	X	X	all
✓ Murray Rosner	Drivers 11:58		X	"
✓ Maud Hanan	Cab Driver		X	
✓ BOB BODAK	" "		X	SB 398
NORMAN Y. HILBRECHT	WHITTLESEA BLUE CAB CO.		X	SB 398
JIM BELL	" " " "		X	" "
RICHARD GULL	" " " "		X	SB 399
Pat Van Buskirk	Western Cab	X		S.B. 399
✓ Sam Bunn	Nellis	X		399
✓ Adrian Deakie	Whittlesea 12:06		X	SB 398
✓ Jon Ashment	Yellow Cab	X		SB 398
✓ Jerry Stein	Checker		X	399
✓ Al Henry	Whittlesea 12:20		X	
✓ DRIVER			X	

510

May 7, 1981

Committee on Transportation

In regards to Senate Bill No. 398.

Please, let me thank you for coming to Las Vegas and allowing cab drivers to address your committee. You are attempting to allow individual drivers to become their own boss or sole proprietor.

This is something that is needed in Las Vegas but this SB. 398 does not give me sole ownership. If this bill passes I fear for my future. You will destroy the cab industry in Las Vegas. As long as I have to pay current certificate holders a daily lease, which they can change daily at their discretion, I fail to see how I'm a sole proprietor.

You would place me in a share-croppers hole. If a certificate holder leases

to lease me his cab. He may also demand I buy his gas, pay for his dispatch, pay for repairs partially, & buy anything he deems necessary. Also he can under open bill charge whatever he wants. So when we have a big convention in town, the sole proprietor's chance to make a little extra money the cab company can raise the lease just for the convention, which would negate any gains I might make.

Surely, you can see how if I really owned my own cab the daily lease charge would be going to pay off my cab, and eventually the final payment would come. This would then allow ~~me~~ me to work harder and save for a bigger better cab

to better serve the public. I
would also enjoy all the benefits of
corporate status.

If you pass S.B. 398 once
I pray the certificate holder his ability to
and drive off the lot he could care less what
I do. The public is going pay for that
license. You will force every driver to
lie, cheat, and steal. Not only would
the public suffer, which should be your
first concern, but also the Tape Authority
will suffer. I would have every reason
to high flag. It would save ~~to~~ the money
I pay to the Tape Authority for each trip.
Plus, there would be tax incentives to
report a net loss. Every person who gets

into a cab, instead a taking the shortest route possible, like we are supposed to do the driver would take the longest way possible.

I can see cab drivers fighting at the airport for a first time visitor from Japan. The man from Japan wants to go downtown to the Mint. If I take him the honest way down Paradise Road it will cost him \$8.55. If I use the freeway it will cost \$10.95. But, if I take Russell Road to Boulder Hwy and turn left on Boulder Hwy it will cost \$8.00. I'd be crazy to go any other way.

And all these little old ladies at Safeway can forget it. (am eyes)

5
imagine a busy weekend. No
time will want to leave the steps. He
would have money going to a Safeway at
Desert Inn and Eastern to take some old
lady two blocks. But under the present
system companies force drivers to get these
people. And rightfully so. But companies
will no longer be able to force me. The
public suffers. And if you think that
I'm going to leave the Steps on Friday
night to go to Tropiano and Jones and
get that dealer to work on time you're
crazy. I'd waste too much gas on a chance.
When I can get a sure trip at the Tropiano
Hotel front door. He can walk for all I
care. Again service to the public will

6

be greatly reduced.

The owners who are lobbying for S.B. 398. care nothing about the drivers. It's purely a financial gain. Plus a way to get rid of unions and all the headaches that go with ownerships. For instance: Two owners of small companies force drivers to work twelve hour shifts. Slave labor. Another after buying his company fired the entire company's employ and did away with seniority. Another has a chance to get twelve cabs out of North Las Vegas and ~~on~~ on the Strip. An obvious financial boner. Only Whittlesea is against it. I have worked these for five years

and never once have I been treated unfairly. Whittless has been in Lee Jays since the 1940's. The same family has controlled it. And after that long you develop community pride. They understand how your man is going to hurt the local public as far as service to the old lady at the supermarket, the Strip worker with twenty-minutes to get to work, and the woman who gets off work at night and doesn't want to walk three blocks to get home. Because it would be unprofitable to pick these people up when the town is busy.

You will force the companies to go to twelve hour buses. I will

lose my Christmas bonus, vacation
 pay, health benefits, life coverage, seniority,
 and the ability to plan for the future. And
 the one thing you are trying to give
 me sole proprietorship is not in S.B. 398.
 Just the disguise. Please, I beg you
 don't pass this bill. Forget it and
 wait till the legislature meets in two
 years. Then give us the 70% for company
 ownership and 30% single ownership.
 Also I recommend that you appoint one
 member at large to the Tax Authority
 and require that whenever the Tax
 Authority is before the legislature he be
 required to be present. So you the elected
 officials can get a third and vital part

of the cat industry involved in
the decision making process.

Pat Dimes
James A. Lovelace
3612 GUINEVERE
LAS VEGAS, N.V. 89110
458-4350

398
Leasing

5, 8, 81

EXHIBIT B

SB-398

Edna Brotherton
Whittsea cab co 8 yrs

Leasing is good in some areas
where the drivers depend on Radio
calls for Book.

But in Las Vegas they Don't
the only ones that will suffer
from Leasing will be the people that
live here and depend on cabs
as a way to get around.

The drivers will be independent
with Leasing and they won't
have Radio calls. and if they
do they will gauge the public
for all they can.

This Bill will only give
the thieves a license to
steal. A nut of them do
it now.

Edna
Brotherton

NEVADA INDUSTRIAL COMMISSION STATEMENT

ON SB 398

This bill in its Chapter 616 provisions would make a mockery of workers' compensation.

Because the lessee cab driver is deemed to have a wage of \$300 per month, a driver who suffered a permanent disability so serious that he was unable to work at all would have a lifetime pension of only \$200 per month (two-thirds of \$300). If he sustained a serious permanent disability of, for example, 30%, he would have compensation of \$45 per month (30% times \$300 times one-half). Even with these totally inadequate benefits, the bill also would shift the premium payments to the drivers. Obviously, this bill not only would place the burden on the injured driver but, no doubt, also on the welfare system due to its grossly inadequate benefits.

Workers' compensation is a trade-off. The employer is relieved of damage suits by injured employees in exchange for guaranteeing to pay the statutory benefits. This bill destroys that trade-off by substantially relieving the employer of any obligation.

The Nebraska Supreme Court in reviewing a similar lease arrangement in Nebraska awarded full compensation to an employee. The court found that the lease agreement did not, in fact, eliminate the employer-employee relationship because the materials and equipment used were provided by the taxi company and it maintained control over the methods and

means of providing taxi service. We see nothing in SB 398 that alters, in workers' compensation terms, the essential employer-employee relationship between drivers and company.

The bill allows drivers to elect coverage as a sole proprietor. Currently the premium for a self-employed, owner-operator of a taxi ranges from \$126 per month for a person under 40 years of age to \$219 per month for those over 65. The rates are high because of high loss experience (mainly medical expense) and because the covered employee and the employer are one and the same person so that the employer control over claims is lost. With these rates, we can expect that few, if any, drivers will agree to pay for workers' compensation. The result will be many workers in a relatively high hazard occupation with no workers' compensation insurance.

The premium rate for taxi companies where there is the employer-employee relationship is \$6.57 per \$100 of wages, a substantially lower rate.

Finally, to the extent that drivers do opt for coverage, NIC will be in an administrative mess. Under SB 398 we must open an account, collect two months advance premium (\$252 to \$438), and issue a policy, though the coverage may be for as little time as 12 hours. With the turnover that we understand occurs in drivers, this bill could impose a tremendous administrative burden and cost on NIC.

In summary, we believe the bill evades the State's workers' compensation law, conflicts with sound principles of industrial accident insurance, will result in workers without any or without adequate coverage and will add unnecessary administrative costs.