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Recent Developments in the Revision of Taxi Regulations in Seattle and San Diego

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The nature of major taxi regulatory changes implemented in Seattle and San Diego during 1979 and the preliminary results of such changes are discussed. The changes substantially reduced fare and entry controls while retaining safety and insurance requirements. These changes are significant because taxis in most U.S. cities have operated under conditions of regulated fare and entry for 40 years or more. The reasons why major regulatory revision took place in these cities are complex and difficult to attribute to any single cause. Some prominent reasons were the "progressive" nature of the San Diego and Seattle City Councils and the desire to avoid frequent hearings on fare increases and other time-consuming regulatory matters. The generally unfavorable image of taxis in both cities did not aid the industry's vehement opposition to these regulatory changes. The implementation process involved the taxi industry, elected officials, and licensing and regulating authorities. The conditions of the taxi industry in both cities immediately prior to regulatory revision are described, and the revision process is examined. Explanations are offered as to why regulatory revision occurred in these cities, and the short-term and possible long-term impacts of the revisions are explored. Although the results are tentative, they should be helpful to those evaluating the desirability of regulatory changes in other cities.

The purpose of this paper is to examine some major changes in taxi regulation that took effect in the cities of Seattle and San Diego during 1979. These changes are significant because they reverse a policy prevalent in American cities for the past 40 years--that of strict control over the authority to operate a taxicab and the fares that may be charged. These revisions did not reduce "noneconomic" regulation of taxicabs; regulations concerning insurance, driver fitness, and vehicle safety remained unchanged or were increased. Because of the possible confusion between economic and noneconomic regulation inherent in the term "deregulation", the term "regulatory revision" is used.

In January 1979, the city of San Diego began a policy of issuing new taxi permits to applicants at a rate of 6 permits/month (the number of permits had previously been frozen at 411 by City Council ordinance). In July, the city increased the rate to 15 permits/month. Fare control was substantially reduced in August by setting a maximum fare, at approximately twice the old regulated rate.

In May 1979, the Seattle City Council voted to entirely lift its ceiling on the number of taxis (which was based on a population ratio). Fare controls were also eliminated, although all fares (other than by contract) were required to be registered on an approved taxi meter. Both cities also revised their ordinances to make it easier to charge shared-ride rates (San Diego plans to implement a zone-based shared-ride rate; Seattle permits the alternative of a shared-ride rate, which must be meter based).

This paper highlights some of the key supply and demand characteristics of the taxi industry in both cities, documents the changes in taxi regulation that have been made, and considers some of the early impacts and their longer-run implications. The paper was developed primarily from information collected from city and consultant studies of taxi regulation and extensive interviews with key individuals who are familiar with the taxi industry. It should be noted that no new data were collected and that some issues could not be dealt with because of data limitations and the need to keep the paper reasonably brief. After only a year's experience with the new regulations, it is too early to

conclude whether taxi users and the public will benefit from the revisions. Research efforts already under way (by De Leuw, Cather and Company under contract for the Transportation Systems Center of the U.S. Department of Transportation) will analyze and evaluate the impacts of regulatory revision in the coming years.

Some of the distinguishing demographic characteristics of the Seattle and San Diego areas are highlighted. The supply and demand characteristics of the taxi industry, the historical background of regulatory revision, and the changes implemented in 1979 are reviewed. Finally, the early results of regulatory revision and some of its longer-term implications are discussed.

CHARACTERISTICS OF STUDY CITIES

Seattle

Seattle-King County is the largest metropolitan area in the Pacific Northwest. It has an urban population of more than 1.2 million, about the same as Atlanta, Buffalo, and Cincinnati. The city of Seattle, the focus of the urbanized area, has 497 000 residents within its 84 miles^2 (0.4 percent of King County's 2131 miles^2). The adjacent urbanized area is mostly unincorporated but includes the municipalities of Bellevue, Kirkland, Auburn, Kent, and Renton (with 1970 populations of 61 000, 15 000, 22 000, 22 000, and 25 000, respectively).

The region has a relatively low population density--about 3000 persons/mile^2. A large portion of the population lives in the narrow, urbanized strip along the eastern shore of Puget Sound. The city of Seattle has a population density of 5800 persons/mile^2, which is considerably higher than that of the rest of the region and above the national average for urbanized areas. Some central neighborhoods have as many as 25 000 persons/mile^2.

Seattle is an inland seaport city bordered on the west by the navigable waters of Puget Sound and on the east by Lake Washington. Development in the city is primarily along a north-south axis, narrowing to about 2.5 miles in the downtown area between Puget Sound and Lake Washington. The Seattle population generally enjoys a fairly high family income compared with the national norm: In 1977, the U.S. Department of Housing and Urban Development estimated the median family income in Seattle to be $18 500/year, compared with the national average of $16 000/year. The cost of living in the area is about the same as the national average for metropolitan areas.

San Diego

San Diego County is situated in the southernmost part of California, extending to Baja, California, and the Mexican border. It is bounded on the north by coastal hills and mountain ranges, on the east by desert, and on the west by the Pacific Ocean. The county is composed of 14 cities and an unincorporated area and has an overall population of 1.77 million people, a land area of more than 4000 miles^2, and an average population density of 319 persons/mile^2. The city of San Diego, which has a population of 825 700, ranks as the second largest city in California and the ninth largest in the nation. The San Diego region has been among the most rapidly growing metropolitan areas in the United States: Its population has increased at an average annual rate of 4 percent over the past 25 years. Most of this growth has occurred in the relatively less populated North County and the northern areas of the city itself.

The San Diego region is a prominent shipping area and has a number of large military (predominantly naval) installations. Eight facilities are located in the city itself, Camp Pendleton Marine Base is located in the unincorporated area above Oceanside, and Coronado is the site of a naval amphibious base. The 1978 military in-service population numbered 122 300, or 7 percent of the regional population.

The San Diego area referred to as Centre City is the major employment, cultural, and financial center of the region, accounting in 1978 for 61 800 jobs, or 14 percent of city employment and 8.5 percent of regional employment. The city of San Diego had 431 400 jobs in 1978, or 58 percent of regional employment. Manufacturing and retail trade have traditionally been the most important employment sectors in almost all of the cities in the region, accounting for from one-third to one-half of total employment. Regional employment sectors that have shown significant growth during the past decade include banking, business and legal services, eating establishments, utilities, wholesaling, construction, and the federal government. Military employment has declined since 1972.

SUPPLY AND DEMAND CHARACTERISTICS OF THE TAXI INDUSTRY

The supply and demand characteristics of the taxi industry in Seattle and San Diego are summarized in Table 1. These data should be interpreted with caution, since they represent highly aggregated measures of service. The taxi industry, more than most others, defies analysis because of its highly disaggregated nature and the wide variance of observations around the mean. For example, in 1976 it was found that, although the average Seattle taxi operated 11 h/day, for various reasons 90 of them (more than 25 percent) did not operate at all (2, p. B6). The data in Table 1 should be used only to give a general idea of differences in the character of taxi business in the two cities.

A major difference between the two cities is the nature of vehicle affiliation and operation. In San Diego, Yellow Cab controlled two-thirds of all taxis in the city prior to regulatory revision and continues to hold more licenses than all other operators combined. Yellow Cabs were operated by hired employees for many years, although the firm was in the process of conversion to lessee drivers in 1979. Taxis in Seattle, on the other hand, were (and are) driven mostly by owner-operators and lessee drivers. The owner-operators are affiliated under umbrella organizations called service companies, which provide dispatching, accounting, and other services. Lessee drivers have also been used extensively by these affiliated owners on shifts they are unable or unwilling to drive. Both cities had approximately the same proportion of independent, unaffiliated taxis (nonmembers of service companies), although in San Diego the law requires all taxis to be equipped with radios and in Seattle most of the unaffiliated independents have no radio and rely mostly on airport and downtown hotel business (taxis in Seattle are supposed to have radios but, through some loophole, need not be part of a radio-dispatching organization).

A number of signs point to the conclusion that taxi business is more robust in San Diego than in Seattle. Two indicators of taxi profitability are the value of the taxi license (which could be privately sold in both cities prior to revision) and the desire of new operators to enter the business. Although data on the exact value of license sales are not available, it appears that the value of taxi licenses was considerably higher in San Diego than

Table 1. Taxi supply and demand characteristics in Seattle and San Diego.

Category	Characteristic	Seattle	San Diego
Supply	Number of vehicles licensed in January 1979	352	411
	Vehicles operated by largest firm (%)	31.5	68.1
	Vehicles operated by independent owners (%)	10.8	15.1
	Fares prior to regulatory revision ($)		
	Drop[a]	0.80	0.70
	Per mile thereafter	0.70	0.70
	Number of licenses per 1000 people	0.71	0.51
	U.S. cities that have higher ratio of licenses to population[b] (%)	50	60
	Best estimate of medallion value just before regulation changes ($)	2000	9000
Demand	Paid vehicle trips per year in 1977	2 220 000	2 323 000
	Paid miles per hour in service in 1976	5.0	NA
	Vehicle occupancy (passengers/vehicle trip)	1.53[c]	1.45
	Telephone orders (%)	80	73
	Patronage per taxi	5000[d]	6300[e]
	Mean fare ($)	3.08[f]	3.54[g]
	Taxi ridership as percentage of local transit system ridership	5	8

[a]Excludes value of mileage included in the drop. Actual drop charges were $0.90 for the first 0.14 mile in Seattle and $0.80 for the first 0.14 mile in San Diego. Waiting and/or delay charge in both cities was $7.20/h. Seattle taxis were also permitted to charge $0.20 for each passenger beyond the first.
[b]From Institute for Defense Analysis (1, Table 8.10).
[c]Taxicab-stand pickups only.
[d]For 1977.
[e]For 1978.
[f]For 1976; no fare increase until after regulatory revision.
[g]For 1979.

it was in Seattle (Table 1). This presumably reflects the higher profitability of San Diego taxis. In addition, San Diego has had a list of several hundred operators waiting to obtain a taxi license from the city, whereas in Seattle there has been relatively little pressure from potential operators for new permits.

HISTORY AND EVOLUTION OF TAXI REGULATIONS

Seattle

Regulation of taxicabs in Seattle began in 1914 and, since 1930, rates and entry have been strictly limited. The 1930 law apparently arose partly from the city's desire to protect its municipally owned street railway system from taxicab competition. Another reason was a taxicab rate war that occurred in the late 1920s. Although some minor additions and changes have taken place since that time, the law remained substantially the same until the major regulatory revisions of 1979.

There has been interest in regulatory revision since the early 1970s, when reform-minded members of the Seattle City Council began a major reevaluation of the many licensing ordinances that had been passed in Seattle over the years. A Citizens Advisory Committee on Licenses and Consumer Affairs was appointed in 1970. The committee's 1971 report recommended reorganization of the city's licensing administration and revision of the city's licensing code.

In September 1974, the Department of Licenses and Consumer Affairs (DLCA) and the City Council agreed on a plan to revise the entire Seattle licensing code. A City Council resolution adopted at that time spelled out the principles to be followed in the revision. In contrast to more traditional approaches to licensing (which emphasized the stability of regulated industries and the need to control "cutthroat" competition), the City Council's new principles cited prevention of consumer fraud as the major justification for licensing. Further, the City Council explicitly stated that "licensing should not be used to suppress competition, or ... to set prices or rates unless monopoly conditions exist which cannot be eliminated or otherwise controlled."

Because the licensing code was the most complicated and potentially had the greatest impact on the community, the initial focus of the licensing revision process was on less controversial issues. The DLCA was also collecting material on taxi licensing elsewhere in the United States and preparing a staff report on alternatives for revision of the licensing code in Seattle. When completed in mid-1975, the report (3) concluded that the existing taxi ordinance was inconsistent with the City Council's new principles on licensing because it suppressed competition in an industry that was not "naturally" monopolistic. The report recommended a number of revisions to the ordinance, including regional taxi pickup rights, legalization of contract rates and van-type vehicles, and elimination of entry controls except where public health and safety were affected.

The report did not reach any conclusion on the best rate-setting policy. Instead, four alternative policies were presented and discussed. These were

1. Continuation of the existing policy of a single, council-determined meter rate;
2. Regulation of maximum rates only;
3. A rate-filing procedure for individual operators that would allow freedom of rates but require that rates be fixed for considerable periods of time; and
4. Complete elimination of fare regulation, including the requirement for filing rates.

By mid-1976, the DLCA and the activist City Council members had settled on open entry and a combination of options 3 and 4 for fare setting as their preferred regulatory revision package, along with the continuation--even strengthening--of the insurance and vehicle-inspection provision of the old licensing code. At about the same time, the taxicab industry requested a 26 percent fare increase.

In July 1976, the Seattle City Council reached a compromise solution of a 13.6 percent fare increase (half of the original request) combined with provisions for taxi contracting and parcel delivery rights (subject to approval, in the case of individual operators, by the Washington Utilities and Transportation Commission). The City Council decided to review the fare and entry controls after the DLCA had had time to prepare a new analysis of the taxi ordinance.

On February 1, 1977, Seattle established reciprocal licensing with King County, and the airport was opened to any city or county taxi whose operator purchased a six-month airport permit for $50. This arrangement and the 13.6 percent fare increase continued in effect through the next two years of discussions about a new taxi ordinance.

The next step was the submission of the Seattle mayor's report on the regulation of taxicabs to the City Council in August 1977. The report recommended an end to entry restrictions and implementation of either maximum fare regulation or fare deregulation with filing at three- to six-month intervals (3). The City Council took the options under advisement. In September 1977, the taxicab operators, convinced that the prospect of drastic regulatory revision was very real, formed the Washington State Taxicab Association.

In May 1978, the City Council's Public Safety and Justice Committee decided to open entry and to

simply require filing for all rates except those at taxicab stands (where it was feared that differing rates would lead to disputes). However, another year was required before a satisfactory arrangement could be worked out with King County and the airport on reciprocal licensing and rates. During this period, the city decided that the situation of dual rates--owner-filed rates for radio-dispatched trips and city-set rates for stand trips--was potentially confusing to the consumer and costly to the operator (since it might require meters capable of calculating two fares).

The view of the King County Council also changed to some extent between 1977 and 1979. The initial view of the chairman of the County Council's Operations, Police, and Judiciary Committee (which oversees taxi regulation) was that, since such a large portion of the taxi business was in the city of Seattle, the most sensible approach for the county was simply to follow the city's lead. However, by 1979, the new committee chairman had concluded that the city's approach was so drastic that the county would do better to wait for at least a year before adopting the city's complete revised ordinance. Therefore, when the city's new ordinance went into effect on July 2, 1979, the county adopted only the rate-filing proposal. (The county view was that the cost of the dual meters needed to calculate a city rate and a county rate would be prohibitive for the taxi industry.) King County determined to retain its entry controls until at least June 1980, which meant that any new entrants under the city's open-entry provision would only be able to operate in the city.

San Diego

The city of San Diego has also strictly limited taxi entry and fares in its jurisdiction. The first regulations date back to the 1920s. In 1948, the City Council gave some consideration to revamping its regulations but decided to continue issuing taxicab certificates according to public convenience and necessity. This policy was reiterated in 1960, when the City Council voted to accept the city manager's finding that existing taxi service was adequate and that no new taxi permits should be issued. In 1957 and 1962, however, relatively small increases were allowed in the number of permits outstanding.

A series of events that were to have a major impact on the San Diego taxi industry (and, indeed, on the political fortunes of many in the city) began in 1967, when the Internal Revenue Service initiated its scrutiny of the records of the Yellow Cab Company to determine whether the company had legally deducted certain contributions and gifts as business expenses. The president of Yellow Cab, Charles Pratt, later testified that he had bribed the entire City Council to secure their approval of a rate increase in October 1967. Although all individuals indicted in the case were subsequently acquitted, many lost reelection bids. Pratt resigned from Yellow Cab in 1970.

In 1972, the San Diego city manager recommended that the City Council discontinue the present limitation on taxi permits based on a population ratio and replace it with a stiff ($3500) one-time license fee. This recommendation was never implemented, but other recommendations continued to be generated by city staff. A turning point came in 1976, when one of the City Council members indicted in the scandal some years earlier proposed that the city stop regulating taxi fares and deciding which firms got additional permits.

Yellow Cab went on strike in 1976, and more than 200 drivers applied to the city for independent taxi permits. Yellow Cab subsequently filed for bankruptcy. The City Council decided to issue 62 new permits to owner-operators and declared that henceforth 15 percent of all certificates were to be held by such operators.

During 1977, there was extensive debate in the city over charges of taxi-service discrimination against the predominantly black community in southeast San Diego.

The year 1978 was an active year in regard to the consideration of taxi regulations. San Diego Transit Corporation bus drivers threatened a strike that would have shut down the region's transit system. Seeking leverage for the bargaining process, the City Council, owner of the transit system, considered the rapid expansion of taxi service to meet the additional passenger demand that would be created by the strike. The strike, however, never materialized. The deputy city manager urged the City Council to lift the city's then current limit of 411 taxi permits by adding 12 permits/month, starting in September, and proposed that maximum-rate regulation be substituted for fixed rates. This action was supported by a group of 150 taxi drivers who said that they had applied for taxi permits over the previous 18 months. The city's multicertificated companies strongly opposed the action, saying that the demand for taxis was already declining and that additional licenses would only further upset the industry's precarious financial situation.

Newspaper accounts noted that only a few taxi owners were agitating for open entry and that the public had shown no desire at all for a change in the current system. At the same time, opposition to revision swelled among cab drivers, owners, and the drivers' union. In November, the city passed a compromise measure that allowed issuance of as many as 6 permits/month rather than the 12 recommended. In July 1979, this was increased to 15 permits/month, and the proposal to replace the set fare with a maximum rate was approved. Opposition to the proposal focused more on increasing the rate of permit issuance than on rate setting; the maximum fare even received some support from the industry.

No single reason for the passage of the revision can be identified, but four reasons appear to stand out:

1. The 1969-1970 Yellow Cab scandal had made the City Council wary of dealing with the taxi industry. Some observers felt that open entry could be interpreted, at least partly, as a means of "punishing" the Yellow Cab firm, even though its management had changed.
2. The Yellow Cab strike of 1976 had made the City Council concerned about one firm controlling a large number of taxi permits.
3. The threatened transit strike of 1977 prompted interest in providing alternatives for transit dependents. The taxi issue was seen as a means of obtaining bargaining leverage with the transit drivers. There may also have been some resentment stemming from the fact that San Diego's transit drivers were already among the highest paid in the United States.
4. The City Council and city staff were heavily populated by "progressives" who were not content with merely administering the old regulations. Traditionally liberal and conservative members of the City Council joined together to support the regulatory revisions.

Table 2. Features of old and revised taxi regulatory codes in Seattle.

Issue	Old Code	Revised Code
Entry	Licenses may be issued by the city if the applicant demonstrates that public convenience and necessity warrant such action; license ceiling set at 1 taxi/2500 residents except for grandfathered licenses	Licenses issued upon filing of the appropriate application, payment of a $60 annual fee, vehicle inspection, and demonstration of financial responsibility
Fares	Set periodically by the City Council, and no other rates may be charged; all fares must be registered on a meter; taxis must have approved meters	May be filed by operators as often as 4 times/year; fares (except by written contract) must be calculated on a meter; all cabs that have the same color scheme must use the same fare schedule
Vehicles	Seat nine or fewer passengers; must be inspected for safety	No restriction on capacity other than that provided by the state; inspection increased in scope by administrative requirements
Operating requirements	Each licensed vehicle must operate at least 10 miles/day for at least 230 days/year in order to be renewed	None
Insurance	All vehicles must have insurance; limits set by the state	Same as in the old code but self-insurance permitted under certain conditions
Interjurisdictional licenses	Holders of valid King County taxi licenses may obtain a city license for $25, and city-licensed taxis have the same option with the county	Eliminated, except that a city license may be revoked for infraction of county law

Table 3. Features of old and revised taxi regulatory codes in San Diego.

Issue	Old Code	Revised Code
Entry	Granting of new permits determined by City Council hearing; city manager to report on public convenience and necessity for new permits, among other considerations	Numerical limitation of permits set by City Council; currently, as many as 15 permits/month may be issued; city manager to report on financial responsibility, experience, and proposed equipment of applicants
Fares	Established by City Council after hearing; all fares must be calculated by meter; taxis must have approved meters	City Council to set maximum rate after hearing; rates must be posted on each side of vehicle and may be changed at owner's discretion; meters as in former code
Vehicles	Charges by mile, wait time, or both; must be equipped with meter; route at discretion of the passenger	Substantially the same as in the old code but parcel-carrying function noted
Operating requirement	Taxis may not go more than 30 consecutive days without operation or the certificate may be suspended or revoked	Same as old code
Insurance	An insurance policy must be filed with the city, minimum amounts to be set by resolution of the City Council	Minimum liability amounts to be set by the city manager; self-insurance permitted according to provisions of state law
Interjurisdictional licenses	No provisions	No provisions

REGULATORY REVISIONS IN 1979

Tables 2 and 3 give the major features of the old and revised taxi codes in Seattle and San Diego. Some major differences in the changes adopted by the two cities are the following:

1. San Diego retains the right to set a maximum limit on the number of licenses and has limited the rate of entry to reduce the administrative costs of processing new applications. Seattle sets no such limits.

2. San Diego retains maximum-fare controls, although the present maximum is fairly high ($1.50 for the drop and $1.50/mile thereafter). New fares may be filed at any time but must be posted on both sides of the vehicle. Taxis in Seattle may charge any rate they desire but are restricted to no more than one change at the beginning of each quarter. Rates need only be posted on a small card inside the taxi.

3. Seattle altered past regulations to permit the use of larger (van-type) vehicles. The old San Diego code contained no such restriction.

4. San Diego retained its minimum operating requirement for vehicles (no more than 30 days of consecutive idleness), whereas Seattle decided to eliminate all such restrictions, partly to encourage part-time operation of vehicles.

5. Insurance requirements remained essentially unchanged in both cities.

6. San Diego has discussed but not achieved multijurisdictional licensing. Seattle lost its reciprocal licensing with King County when the county refused to go along with its open-entry policies. When this paper was written, proponents of revision were hoping that open entry could be achieved in the county, thus opening the way for reciprocal licensing again in the summer of 1980.

SOME EARLY RESULTS

A brief discussion of some of the results of the revision of taxi regulations, after less than a year of experience, is provided below. The tentative nature of these conclusions should be stressed. The short-run impacts could turn out to be diametrically opposed to the longer-run impacts. Nevertheless, the results are interesting and, as long as they are not misconstrued, they provide some insight for policymakers in other areas.

Entry

Both Seattle and San Diego have experienced an increase in the supply of taxis since the revision ordinances took effect. In Seattle, approximately 10 new taxis/month have been added, which has resulted in a 10-15 percent increase in licensed vehicles. Almost all of the additional service has been provided during prime daytime hours. In San Diego, 126 new licenses were issued in 1979, although some of these either were never actually operated or have ceased operation. Allowing for this, the number of licensed vehicles has increased by 25-30 percent.

Fares

Fares in both cities have increased significantly but by about the same amount as the consumer price index had increased since the last fare increase was approved. In Seattle, the price of an average trip increased by 35 percent, the same amount the industry had been asking for as an emergency fare hike immediately prior to regulatory revision. Since that initial increase, some of the smaller firms (those with one to five vehicles) have increased their fares, but none of the major companies has as yet done so. The largest companies now charge $1 for the first 0.2 mile, $1/mile thereafter, $12/h for waiting, and $0.20 for each additional passenger (except Yellow Cab, which eliminated the extra passenger charge). The airport regularly receives complaints from passengers of independent cabs that some of the independents charge as much as double this rate. Airport authorities have given some consideration to regulating maximum fares, but such action appears unlikely at this time.

Beginning in August 1979, San Diego cabs could charge any rate up to and including $1.50 for the first 0.12 mile, $1.50/mile thereafter, and $9/h for waiting. Since that time, many rate changes have been filed, primarily by independent operators. Yellow Cab is currently charging $1.20 for the first 0.25 mile, $0.80/mile thereafter, and $9/h for waiting. The prevalent rate for independents is $1 for the first 0.2 mile, and $1/mile thereafter. A few operators charge the maximum allowable rate, but they represent only a small fraction of all taxis operating.

Profitability

Discussions with major operators in Seattle indicate that total ridership has increased slightly but by less than the increase in the taxi supply. Thus, the number of trips carried per shift has declined. But, because fares have risen by an average of 35 percent, taxis appear to be more profitable than they were before July 1979. The fare increase is, of course, not directly attributable to regulatory revision and probably would have been granted eventually. No similar information was available on which to base a conclusion about the profitability of San Diego taxis. It should also be noted that, because of long waiting lists for taxi certificates in San Diego, certificates still have a market value. In Seattle, the license itself has no value beyond its $60 purchase price and is in fact nontransferable.

Other Issues

When this paper was written, neither city had experienced great changes in either the appearance of their taxis or their accident involvement rate. In Seattle--which provided the most data on the subject of accident involvement--police feel there has been no change in the accident rate of taxicabs. There is considerably more debate, however, on the subject of vehicle appearance. Observers seem about evenly split as to whether it has improved or worsened. A preliminary analysis of licensing files indicates that the average age of Seattle taxis has decreased in the past year, but veteran taxi operators have been quick to point out that a poorly maintained 1-year-old vehicle is a far greater hazard than a well-maintained 5- or 10-year-old vehicle. Unfortunately, there is no clear resolution of this important issue. Probably the most significant fact is that operators indicate that there is a greater willingness on the part of taxi owners to keep their vehicles in good condition as a result of the higher fares--fares that, as noted, probably would have come about without regulatory revision. The question in the long run will be whether open rates will encourage drivers to maintain their vehicles or result in rate wars that could lead to deferred maintenance.

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