

Legislature hikes Uber, Lyft fees in last-minute deal

Tens of millions in additional revenues would go to public transit, communities

By **Adam Vaccaro** Updated January 6, 2021, 1:17 p.m.



Under the terms of a major transportation borrowing bill, Uber and Lyft fees will increase in Massachusetts. NYT

Uber and Lyft trips in Massachusetts will get more expensive, after lawmakers reached a last-minute deal to boost fees on ride-hailing services and fund transportation initiatives

in the waning hours of the Legislative session [that stretched into early Wednesday morning](#).

Under the agreement, ride-hail fees will increase from 20 cents on each ride to as much as \$2.40, though with some significant variations depending on the types of trips. Under the agreement:

The fee for individual trips will be \$1.20;

Shared trips, in which users carpool with others on similar routes, will have a fee of 40 cents;

Any trip occurring in Boston and its closest communities — which have historically accounted for the vast majority of ride-hail trips in the state — will have an additional 20-cent fee;

And rides in so-called luxury services, such as UberBlack, would carry an additional \$1 charge.

Most of the proceeds will be split between cities and towns and the state's transportation fund, with the 20-cent fee in and near Boston going straight to the MBTA. Companies would be allowed to pass the cost onto riders.

Massachusetts was among the first states in the country to impose a fee on Uber and Lyft when it required a 20-cent charge in a 2016 law. But as the companies were increasingly blamed for traffic congestion, lawmakers and Governor Charlie Baker [all agreed throughout 2020](#) that the fees should increase.

“Because we went first in the nation almost on [ride-hail] fees, our fee structure was outdated,” said state Senator Joseph Boncore, who led the chamber in negotiations on the deal. “Since we did it in 2016, I think we have given the market enough time to develop, and it was just time.”

In 2019, [the state registered about 91 million Uber trips](#) — enough to raise about \$18 million. With the new fees, that figure could be closer to \$100 million.

But like much of the transportation industry, Uber and Lyft have seen large drops in ridership during the pandemic — so the increased fees are unlikely to generate significant revenue in the short term. Boncore argued they will still help manage traffic congestion as the economy recovers in the post-COVID period.

The fees were included in a much larger \$16.5 billion transportation bill that authorizes borrowing for projects, including the redesign of the roads around the Cape Cod bridges, the massive rebuild of the Massachusetts Turnpike in Allston, and electrification of some commuter rail lines, as well as smaller-scale initiatives like paving highways and improving public transit.

Lawmakers for months had disagreed about how much the state could afford to borrow, with House of Representative negotiators arguing that without a gas tax increase, the state could only afford to borrow \$14 billion. The Senate hoped to authorize \$18 billion, but refused to consider a gas-tax package the House passed in March. By including the ride-hail fees in the bill, the House was comfortable moving to \$16.5 billion, said state Representative William Straus.

Uber has in the past expressed some openness to ride-hail fee increases, but has also warned they would come at riders' expense in a down economy.

On Wednesday, Uber spokeswoman Alix Anfang criticized the Legislature's "last-minute drafting," arguing it caused "unintended consequences." The deal could impose luxury fees on some regular lower-cost UberX trips because of a technical issue in the legal language, she said.

Lyft did not immediately respond to a request for comment.

Under the legislation, the companies will also be required to turn over much more detailed data about their trips to the state, a measure they've previously resisted. The legislation also did not include a priority of the companies to allow more flexibility [to use surge pricing during the pandemic](#). A previous law banned surge pricing during states of emergency, initially aimed at periods during snowstorms and natural disasters but not long-term crises like the coronavirus pandemic.

The borrowing bill included a few other transportation policy changes, such as:

Lowering fines and barring arrests for fare evasion on transit systems, an important priority for the MBTA before it shifts to a new fare collection system that will require more frequent fare inspections;

Requiring the MBTA to outline a clear plan to implement a discount for low-income riders, a long-stated promise that has seen little movement at the agency, especially as fare revenue collapsed with the pandemic;

Establishing a new commission to study road-pricing and tolling ideas, which advocates see as a strategy to reduce congestion in urban areas and create an alternative to the gas tax to fund roadways as more vehicles shift to electric power;

Setting new requirements to quickly move vehicles involved in highway crashes out of travel lanes and into breakdown lanes, in hopes of preventing traffic back-ups.

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