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CONTACT:

Mayor's Press Office

312.744.3334

press@cityofchicago.org

Fuel Surcharge for Chicago Licensed Taxicabs Passes City Council

The fuel surcharge for taxicab drivers will support the taxicab industry financially during this time of dramatically increased fuel prices

CHICAGO — Today, Mayor Lori E. Lightfoot announced City Council approval initiating a fuel surcharge for Chicago licensed taxicabs. Fuel is a major overhead expense for taxicab drivers and the fuel surcharge will support the taxicab industry financially during this time of dramatically increased fuel prices. The fuel surcharge fee will be tied to the taxicab trip and use of fuel.

The fuel charge will be \$1 for a taxi fare up to \$20; \$2 for a taxi fare of \$20.01 to \$40; and \$3 for a taxi fare greater than \$40. The amount of the fuel charge is related to the use of fuel — where longer trips using more fuel will have the higher surcharge fee. The fuel surcharge fee will assist taxicab drivers with gasoline expenses while providing a safe and reliable transportation option for residents and visitors. While other cities across the nation are imposing a flat fuel surcharge fee for taxicabs, Chicago will have a unique tiered fuel surcharge fee relative to use of fuel.

"In a time marked by rising fuel costs, it is essential for our taxicab drivers to be able to get residents and visitors where they need to go without worrying about whether or not they can afford to put gas in their tanks," said Mayor Lightfoot. "Through these surcharges, we will be able to relieve some of the fuel burdens facing taxicab drivers as well as support the industry as a whole."

The Chicago Department of Business Affairs and Consumer Protection (BACP) oversees licensing and operations of the public vehicle industry. BACP works closely with the taxicab to create fair and equitable regulations. Recent discussions with taxi companies, drivers, and independent owner-operators led to the need and decision of a fuel surcharge for taxicab fares. Two steps must take place before taxicab drivers may start to charge passengers a fuel surcharge fee: 1) when the AAA average fuel price for the past month is or exceeds \$5.00 per gallon and 2) BACP disseminates a City of Chicago public vehicles industry notice.



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“The fuel surcharge will provide financial relief to Chicago taxicab drivers who have been impacted by high gasoline prices,” said BACP Commissioner Kenneth J. Meyer. “Fuel is a core business expense, and this temporary surcharge is a clear and necessary way to support the taxicab industry.”

According to AAA, the nation’s largest motoring and leisure travel membership organization, gasoline is 50% more expensive than this time last year. The fuel surcharge for taxicab drivers will support the taxicab industry financially. In response to rising gasoline prices, other jurisdictions have implemented a fuel surcharge for taxicab fares, including Washington D.C., Toronto, Seattle, and Houston. Additionally, transportation network providers (ride-share) have implemented a fuel surcharge.

“We at the United Transporters Community Council (UTCC) support the amended ordinance to allow for a fuel surcharge for taxicab fares,” said Fayeze Khozindar, Executive Director, United Transporters Community Council (UTCC). “We believe that this action is important for the drivers and for the transportation industry as a whole to cope with this unprecedented high inflation and fuel prices.”

“The fuel surcharge allows the taxicab industry to continue to offer reliable transportation service,” said Yildirim Aktas, Chicago taxicab driver.

“The management of Flash Cab Affiliation fully supports the fuel surcharge relief for drivers,” said Anre Nisenboim, General Manager, Flash Cab Affiliation.

“Blue Ribbon Taxi Association, Inc. fully endorses the fuel surcharge for Chicago taxicab drivers,” said Sabir Waheed, President, Blue Ribbon Taxi Association, Inc. “Recent gas price increases are making all types of transportation more expensive, and this has a direct effect on taxicab drivers. The fuel surcharge will help offset fuel costs, which helps more drivers stay on the road.”

Currently, the Municipal Code of Chicago (MCC) allows Chicago taxicabs to dynamically price and implement a fuel surcharge for trips requested through an e-hail/e-pay mobile app. CURB and ARRO are taxicab e-hail/e-pay apps and, through their platforms, a taxicab fare may add a “fuel surcharge” which notifies passengers up front before they secure a taxicab ride. In regard to taxicab trips secured by street hail or from cab stands, a change to the current taxicab fare rates specified in the MCC had to be approved.

The fuel surcharge will offset the costs of gasoline for taxicabs and also incentivize additional taxicabs to go into service. In 2009 and 2010, fuel surcharges were implemented when fuel prices increased. BACP initiated fuel surcharges of either



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\$0.50 or \$1.00 per taxicab trip. For information about public vehicle licensing, visit Chicago.gov/BACP.

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