

Policy Scenario: Hypothetical Tax on Ride Sharing Trips

Imagine that you finished the MPA program a few years ago and are now on the city council of Alphaville, a mid-sized, densely-populated community that needs a new source of revenue to pay for maintenance of its public infrastructure. A proposal has been floated to raise the money by imposing a new \$2 tax on rides provided by ride sharing services like Uber and Lyft. The services are well-established in Alphaville and there is no tax now.

To understand the implications of the tax you ask a member of your staff to analyze it and prepare a brief memo summarizing the results. Some concerns that have been circulating online and in the press are the potential impacts of the tax on: high income riders; low income riders; drivers; and the city's budget.