

Alphaville Ridership Survey

The city council recently commissioned a survey of ride-sharing users in Alphaville. To keep things simple, suppose that the findings were that: (1) all rides are identical, and (2) a ride now costs \$20. In addition, the survey showed that residents of Alphaville fall into two demographic groups, H and L, with the key characteristics shown in Table 1.

Table 1: Results of Alphaville Ridership Survey

Description	Demographic Group	
	H	L
Population	100,000	200,000
Per capita income in dollars	\$80,000	\$27,000
Per capita rides per year	50	30

Impacts of an Earlier Tax in Betatown

An identical policy (\$2 tax on rides initially costing \$20) was recently adopted by a neighboring city, Betatown, that has a similar ride-sharing sector and also has people in demographic groups H and L. Betatown produced a report on its policy that included the results shown in Table 2. The people in each group are very similar between the cities: type H people in Alphaville are very likely to respond the same way as type H people in Betatown, and similarly for type L.

Table 2: Results from \$2 Tax in Betatown

Description	Value
New price of a ride after the policy was imposed	\$22
Per capita change in rides for group H	-20%
Per capital change in rides for group L	-10%