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When Calling an Uber Can Pay Off for Cities and States.

In Chicago, a 15-cent fee on Uber, Lyft and other ride-hailing services is helping to pay for track, signal and electrical upgrades to make the city's trains run faster and smoother.

Ride-hailing trips in Philadelphia are expected to raise $2.6 million this year for the city's public schools through a 1.4 percent tax that will also generate more than a million dollars for enforcement and regulation of the ride-hailing industry itself. In South Carolina, a 1 percent ride-hailing fee has yielded more than a million dollars for municipalities and counties to spend as they choose.

And Massachusetts began collecting 20 cents for every ride-hailing trip this month, earmarking the revenue to improve roads and bridges, fill a state transportation fund and even help a rival — the struggling taxi industry — adapt with new technologies and job training.

As ride-hailing services become a dominant force across the country, they have increased congestion, threatened taxi industries and posed political and legal challenges for cities and states struggling to regulate the high-tech newcomers. But they are also proving to be an unexpected boon for municipalities that are increasingly latching onto their success — and being rewarded with millions in revenue to pay not only for transportation and infrastructure needs, but also a host of programs and services that have nothing to do with the ride-hailing apps.

Now New York is seeking to join this growing wave with a new surcharge on ride-hailing and taxi trips that could become a central piece of an ambitious congestion pricing plan for Manhattan. A state task force has proposed fees of $2 to $5 per ride that would be among the highest in the nation — and could generate up to $605 million a year for the city's failing subway system.

"We used to have yellow cabs, we now have yellow cabs and black cars and green cars and every color in the rainbow and they cruise downtown Manhattan to pick up fares," Gov. Andrew M. Cuomo has said. "That is one of the first places I would look to reduce congestion and to raise money."

Even as President Trump promotes a plan to rebuild the country's tattered infrastructure, many local governments are not waiting to see what, if any, help Washington provides and are finding novel ways to pay for transportation and other public works projects.

Across the nation, more than a dozen states and municipalities have imposed fees or taxes on ride-hailing companies or their passengers, or sometimes both, and many more are considering such measures, according to transportation and tax experts. Advocates for the charges contend that the ride-hailing cars should pay for using public streets and resources, contributing to gridlock and pollution, and siphoning passengers and fares from public transit.

"If they want to share the pie, then they have to pay the price," said Fayez Khozindar, the executive director of the United Taxidrivers Community Council, an advocacy group for taxi drivers in Chicago. "It's fair because we know the city is short on funds and they want to fill the hole."

But some drivers and passengers for the ride-hailing companies say they have been unfairly singled

out — in many places the new fees do not apply to taxis.

“Uber and Lyft have always been an easy target for cities looking for new streams of revenue,” said Harry Campbell, a driver for Uber and Lyft in California who writes a popular blog, The Rideshare Guy.

In New York and Chicago, Uber and Lyft have said they see their services as complementing the public transit systems and providing another option for riders, especially in transit deserts with few bus routes and train lines. Uber supports a congestion plan for Manhattan — even running an ad campaign backing the idea — as long as it does not single out for-hire vehicles.

“A comprehensive congestion pricing plan that is applied to all vehicles in the central business district is the best way to fully fund mass transit, reduce congestion and improve transportation for outer borough New Yorkers,” an Uber spokeswoman, Alix Anfang, said. “A surcharge alone will not accomplish these goals.”

Last year, New York State approved a 4 percent assessment on ride-hailing trips that begin outside New York City (rides in the city are already subject to state and local taxes). It is expected to raise $24 million a year for the state’s general fund though one state legislator, Senator John E. Brooks, a Democrat from Long Island, has proposed legislation to direct that revenue to local bus and commuter rail services. “We need to think creatively and outside of the box in order to improve funding for local transit,” he said.

The new fees and taxes are often part of broader regulatory measures as states and localities scramble to update tax codes and laws that have not kept up with the proliferation of app-based ride services. For instance, a Georgia state tax applies to rides in taxis but not ride-hailing cars even though they essentially do the same thing, said Carl Davis, research director for the Institute on Taxation and Economic Policy in Washington.

“A lot of tax codes weren’t set up to take them into account,” Mr. Davis said. “They’re so new they didn’t even exist a decade ago. It’s an emerging tax issue, and states and localities are playing catch up.”

South Carolina added a 1 percent fee to ride-hailing trips in 2015, in part to establish a single regulatory framework and block local efforts to charge prohibitively high fees to keep them out, state officials said. Now that fee has become a source of extra cash. The city of North Charleston, for instance, receives more than $30,000 annually and uses it for municipal operations.

In Oregon, Portland officials initially barred Uber but eventually agreed to allow it and Lyft to operate through pilot programs. In 2016, the city sought to create a single standard for taxis and ride-hailing cars and assessed a 50-cent ride fee on both of them, which is paid by passengers.

The 50-cent fee has added up to more than $8 million to help pay for city enforcement efforts, including spot inspections of cars and incentives to companies and drivers to choose wheelchair accessible cars. The fee “hasn’t been a barrier to the riders at all as the ride-hailing services have continued to expand,’’ said Dave Benson, a senior manager for the Portland Bureau of Transportation. “We haven’t seen the top yet.’’

Still, many Portland taxi owners and drivers say the fee has hurt them more than their rivals. Noah Ernst, a superintendent for Radio Cab, said many taxi drivers feel the 50-cent fee means a smaller tip because passengers lump everything together when they pay. Taxi companies also face the headache of trying to collect the fee from drivers.

He added that taxis continued to face more stringent safety, equipment and insurance requirements, and were targeted more often for inspections because their cars were easily identified by company colors and logos.

“It’s not an equal playing field at all and we were trying to tell them this the entire time they were rewriting the code,” he said.

As a result, he said, taxi companies are struggling and at least two have gone out of business. His company, Radio Cab, has lost more than a third of its business since 2015.

Chicago officials have calculated that ride-hailing companies have cost the city about $40 million a year in lost revenue from transit fares, parking fees, licenses and permits. In 2014, the city imposed a 20-cent fee on ride-hailing trips in response to concerns that taxis were being undercut. Two years later, that fee went up to 50 cents, with an additional two-cent fee paid by the ride-hailing companies themselves. And now, the new 15-cent fee for the transit system brings the total to 65 cents for passengers.

The city also assessed a separate $5 fee on passengers who were picked up or dropped off by ride-hailing cars at the major airports, the convention center and the Navy Pier, a popular tourist destination.

The ride-hailing fees produced nearly $39 million for the city’s general fund in 2016, up from about $100,000 in 2014, according to city estimates. Last year’s revenue, which is still being collected, is expected to reach $72 million.

“It’s a fairly new industry and once they actually got settled in the city we saw a lot of growth,” the Chicago budget director, Samantha Fields, said.

Mayor Rahm Emanuel of Chicago, who has made modernizing the L a priority, said the new 15-cent fee was the first of its kind to raise money solely for public transit from those who might not even use it because they could afford the ride-hailing cars. “I think it’s a progressive transportation tax,” Mr. Emanuel said. “It will make public transportation competitive with the rideshare industry.”

In effect, Mr. Emanuel said, it will serve as a “backdoor approach” to fighting congestion created by the ride-hailing cars by helping shift more people — by their own choice — to the transit system. “There’s a congestion fee and I would just say the rideshare fee is kind of parallel parking into the same position,” he said.

The 15-cent fee is projected to bring in $16 million this year, which will be turned over to the Chicago Transit Authority. The money will be used to secure additional funding through bond sales to pay for a total of $179 million in capital improvements, according to city officials.

Kyle Whitehead, the government relations director for Active Transportation Alliance, a Chicago advocacy group for biking, walking and transit, said that the transit system contributes to the health of the city by getting more people out of cars, increasing exercise levels and reducing pollution — and it is now in dire need of money.

“The public transit system benefits everyone who lives and works in the city, he said, “regardless of whether they’re using it.”

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