



MILWAUKEE NEWS

Cab drivers to sue Milwaukee over limit on permits

By *Bruce Vielmetti* of the *Journal Sentinel*

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Three Milwaukee cab drivers, backed by a public interest law firm, say Milwaukee's limit on the number of taxicabs allowed in the city is arbitrary, anti-competitive and unconstitutional.

In a lawsuit expected to be filed Tuesday, they claim the 321 taxicab permits, capped in 1992, have consequently risen in value to nearly \$150,000 on the secondary market, in effect pricing many would-be taxi entrepreneurs out of the market.

[The Institute for Justice](#) Minnesota Chapter, which represents the drivers, claims the numbers work out to one taxicab per 1,850 city residents, far fewer than many comparable cities. It cites ratios of one cab per 935 residents in Seattle, one per 550 in Minneapolis and one per 480 residents in Denver, where the institute successfully challenged limits on taxicab fleet size.

"Milwaukee's taxi permit cap presents a classic case of regulatory capture," the institute says in a news release. "The benefits of the system are concentrated in a few permit holders while the costs are diffused among consumers, drivers and would-be owners."

visited on 10/7/2016

One of the biggest permit holders is Michael Sanfelippo, who controls 162 permits. He says that when Milwaukee had more permits, no one could make a decent living and the quality of cabs and service suffered.

"This is not a cab town," he said.

Sanfelippo, who also operates American United, a dispatching service for cabs, scoffed at the notion that the permits would command \$150,000.

"I think the last couple I bought were maybe \$80,000," he said.

The lawsuit, which the institute intends to file in Milwaukee County Circuit Court, asks that a judge block the city from denying new taxicab permits, and award nominal damages of \$1, plus the plaintiffs' attorney fees.

"In addition to the harm plaintiffs suffer, the artificial scarcity of cabs harms Milwaukee citizens and visitors through limiting competition in the taxicab industry and creating inferior customer service - including longer wait times for cabs and a lack of available cabs in modest and minority neighborhoods," the lawsuit asserts.

A spokesman for the mayor's office did not return a phone call Monday seeking comment, nor did Ald. Bob Donovan, whose public safety committee oversees taxicab permits.

The lawsuit contends that each plaintiff has the means to start his own taxicab business - to buy a car and a meter and pay for insurance and dispatch service - except for the \$150,000 permit cost.

The suit states the city's current practice violates the plaintiffs' due process and equal protection rights under the Wisconsin Constitution because it denies the plaintiffs the right to earn a living of their choice but does not further a legitimate government interest.

"In the classic story of entrepreneurship, someone starts a taxi business in order to save up enough money to buy a house," said Institute for Justice staff attorney Anthony Sanders, lead counsel for the plaintiffs. "In Milwaukee, you need to save up enough money to buy a house just to start a taxi business."

Before the 1991 change, the city issued permits that were not transferable. But longtime taxicab operators wanted to be able to sell their businesses, and the value of built-up goodwill, so the city decided it would not issue new permits, but make existing ones transferable.

Sanfelippo said people, such as the plaintiffs, want the permits "for nothing."

Barrier To Business

The plaintiffs are all immigrants who have driven cabs in Milwaukee, but would like to operate their own taxicabs, and could afford to, if not for the excessive cost of a permit in the secondary market, according to a draft of the lawsuit.

Ghalib Ibrahim began driving a Milwaukee cab in the late 1980s. He has always rented a cab from a permit holder, then paid his own fuel costs. The most he could make, driving 40 hours a week, was \$15,000 a year, said Sanders, his attorney, so Ibrahim shifted to driving a limousine.

Since 2002, Jatinder Cheema has driven a rented cab at night in Milwaukee. Amitpal Singh came to the country in 2004, and pays more than \$1,000 a week in cab rental and fuel costs.

All three men have met city requirements to be licensed taxicab drivers.

The Institute for Justice even made its own [YouTube video about the case](#), called "Taking on Milwaukee's Taxi Cartel." It calls Milwaukee "one of the worst offenders" among cities that limit how taxicabs can operate in their borders, rather than letting the market set the number.

Ibrahim says in the video that when he first came to town, anyone could get a taxicab license for \$85.

The current renewal fee, which covers annual inspection of the taxicabs by the Milwaukee Police Department, is \$175. That same fee would be paid to transfer a permit to a new entity.



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