NY Reaches Price Limit Deal with Car Service Uber

Michael Virtanen, Associated Press

ALBANY, N.Y. (AP) — The car service Uber has agreed to limit prices during emergencies, natural disasters or other unusual market disruptions consistent with New York's law against price gouging, the company and state attorney general said Tuesday.

Uber, which uses a mobile application to connect riders with vehicles for hire, has its rates rise and fall with demand, but it has been criticized for "surge pricing" that's sometimes exponentially higher than base fares. Prices usually increase weekdays during rush hour in New York City, on Saturday nights, special occasions like New Year's Eve and during bad weather.

Under the agreement signed Tuesday, Uber will set a cap during "abnormal disruptions of the market," limited to the range of prices charged in the preceding 60 days and excluding the three highest prices.

Attorney General Eric Schneiderman said the agreement between his office and Uber Technologies Inc. and Uber NYC will apply to UberX, Uber Black and Uber SUV statewide.

"This agreement represents the thoughtful application of long-established law to new technology," Schneiderman said. "It provides consumers with critical protections to which they are entitled under the law, and it provides Uber with clarity from government about how the law will be applied to its innovative pricing model."

Uber chief executive Travis Kalanick said the policy "intends to strike the careful balance between the goal of transportation availability with community expectations of affordability during disasters."

The San Francisco-based company said it is instituting the same cap policy for its services for each market nationally. Meanwhile, Uber said that during disasters and states of emergency that it will also donate commissions on surge trips, or 20 percent of the total fare on trips with elevated pricing, to the American Red Cross.

On Monday, Uber said it is temporarily cutting New York City prices in a bid to compete with taxis.

The New York law against price gouging, passed almost 36 years ago in response to escalating heating oil prices, defines abnormal market disruptions as "any change in the market, whether actual or imminently threatened, resulting from stress of weather, convulsion of nature, failure or shortage of electric power or other source of energy, strike, civil disorder, war, military action, national or local emergency, or other cause ... which results in the declaration of a state of emergency by the governor."

During those times, businesses are prohibited from charging "unconscionably excessive prices" for essential consumer goods or services.

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