T&E Items 1, 2 & 3
February 27, 2015
Worksession 3

MEMORANDUM

Committee members should bring the packet and addendum from the January 26 worksession, and the packet from the February 9 worksession.

TO: Transportation, Infrastructure, Energy and Environment Committee

FROM: Josh Hamlin, Legislative Attorney

SUBJECT: **Worksession:** Expedited Bill 53-14, Taxicabs – Licenses – Vehicle Requirements – Driver Identification Cards; Bill 54-14, Taxicabs – Transportation Network Service Requirements; and Bill 55-14, Taxicabs – Centralized Electronic Dispatch System.

Expedited Bill 53-14, Taxicabs – Licenses – Vehicle Requirements – Driver Identification Cards sponsored by Councilmembers Floreen, Berliner, Riemer, and then Council President Rice; Bill 54-14, Taxicabs – Transportation Network Service - Requirements, sponsored by Councilmembers Berliner and Floreen; and Bill 55-14, Taxicabs – Centralized Electronic Dispatch System, sponsored by Councilmember Riemer, were introduced on October 28, 2014. A public hearing on all three Bills was held on December 2, 2014.

Expedited Bill 53-14 would:

- permit the holder of a fleet Passenger Vehicle License to grant a sublicense to another person;
- increase the age limits for vehicles used as taxicabs;
- amend certain requirements for color and markings of vehicles used as taxicabs;
- allow software-based meters to be used in taxicabs; and
- amend certain requirements for temporary identification cards for taxicab drivers.

Bill 54-14 would:

- require a transportation network application company to obtain a license to operate in the County;
- require a transportation network application company and transportation network operator to meet certain registration requirements;
- require a vehicle used to provide transportation network service to meet certain standards;
- require a transportation network application company and transportation network operator to be insured; and
- require a transportation network application company and transportation network operator to meet certain accessibility standards.

Bill 55-14 would require the County Department of Transportation (DOT) to implement a centralized electronic taxicab dispatch system, and permit the Director to require certain taxicab operators to participate in the centralized electronic taxicab dispatch system.

December 2, 2014 Public Hearing

The T&E Committee held a public hearing on all three Bills on December 2, 2014. There were 30 speakers at the hearing, representing a wide range of perspectives on the issues covered in the Bills. Public hearing testimony is summarized and included in the packet for the January 26 worksession.

January 26, 2015 T&E Worksession

The Committee held its first worksession on the Bills on January 26, 2015. The packet for that worksession raised a number of issues of common concern to the owners and operators of "traditional" regulated taxicabs and the TNCs and drivers that Bill 54-14 would regulate. These issues also encompass many of the amendments to existing law regulating taxicabs that are proposed in Expedited Bill 53-14. The Committee discussed the issues of insurance, fares/ratesetting, driver background checks, and began discussion of the question of licensing both TNCs and TNC drivers.

February 9, 2015 T&E Worksession

The Committee held a second worksession on the Bills on February 9, 2015. In that worksession, the Committee discussed licensing, vehicle standards, data and trip records, and customer service, as well as proposed changes to Chapter 53 received from the Coalition for a Competitive Taxicab Industry ("CCTI") after the introduction of the Bills.

Recent Changes in the Regulatory Landscape

Since the last Committee worksession, there have been developments both in Virginia and Maryland related to the regulation of TNCs, and it now appears likely that a bill creating a statutory framework to regulate TNCs will be considered by the Maryland General Assembly in its 2015 session.[1]

Virginia

On February 17, Governor Terry McAuliffe signed into law a bill[2] that legalized the operation of TNCs in Virginia.[3] The Virginia law is consistent with the emerging model of TNC regulation in that it: requires the TNCs to get licenses to operate in the Commonwealth; requires drivers to be screened by the companies and registered with the Virginia Department of Motor Vehicles; and requires certain levels of insurance while allowing for the hybrid multi-step commercial policies that are used by Uber and Lyft. Operating licenses will cost the companies $100,000 to register, and $60,000 annually to renew. The Virginia law is very similar in most respects to the law that was passed in the District of Columbia last fall.

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[1] http://www.washingtonpost.com/local/trafficandcommuting/new-regulations-for-uber-and-lyft-open-the-door-for-expansion/2015/02/21/8445149a-b83e-11e4-a200-c008a01a6692_story.html

[2] https://legiscan.com/VA/text/SB1025/2015

[3] http://www.washingtonpost.com/blogs/dr-gridlock/wp/2015/02/18/uber-and-lyft-are-now-legal-in-virginia/

Maryland Public Service Commission

In Maryland, the Public Service Commission (PSC) is considering regulations (©311-325) to regulate TNCs under the existing legislative framework. The proposed regulations are more restrictive to TNCs than the recently passed laws in the District of Columbia and Virginia. Key provisions of the proposed regulations include: (1) a requirement that each TNC obtain a permit from the PSC; (2) a requirement that each TNC driver obtain a for-hire driver's license, which requires a fingerprint-based criminal background check; and (3) insurance requirements that are identical to other passenger vehicles-for-hire.

Should the regulations be adopted as proposed, the PSC regulations *would* apply in Montgomery County. While the regulations would arguably not preempt the County's ability to regulate TNCs as providers of taxicab service, they would overlap any County TNC law and create a duplicative regulatory regime. Also, it appears as though a General Assembly bill regulating TNCs is imminent.[4] If the General Assembly enacts a bill similar to the TNC bill introduced last year, HB1160, (©326-337) the County would likely be preempted from regulating TNCs.

Issues for Committee Discussion in this Worksession

In this worksession, the Committee will discuss the issue of accessibility of TNCs and taxicabs, concerns raised by a number of taxicab drivers through the Montgomery County Professional Drivers Union ("MCPDU") about their relationships with taxicab companies, the transferability of Passenger Vehicle Licenses, including the sublicensing provisions in Bill 53-14, and the centralized digital dispatch system that is the subject of Bill 55-14.

Circle numbers referenced up to 230 are in the January 26 worksession packet, and circle numbers 231-258 are in the January 26 worksession addendum. Circle numbers 259-310 are in the February 9 worksession packet.

Accessibility

Should TNC vehicles/drivers be subject to the same accessibility standards as taxicabs? If not, should a surcharge (in the form of a per-trip charge to the passenger or annual charge to the TNC) be imposed to subsidize the maintenance and expansion of the accessible vehicle stock in the County?

Under Bill 54-14, a TNC would be required to have its digital dispatch interface be accessible to the blind and visually impaired and the deaf and hard of hearing. A TNC would be required to submit an accessibility improvement plan to the Director of DOT, and would be prohibited from imposing additional charges on individuals with disabilities. Finally, a transportation network operator (TNO) that accepts a ride request through digital dispatch from a passenger with a disability who uses mobility equipment, upon picking up the passenger the TNO must stow the passenger's mobility equipment in the vehicle if the vehicle is capable of stowing the equipment. If the passenger or TNO decides that the vehicle is not capable of stowing the equipment, the company that provides digital dispatch must not charge a trip

[4] https://technical.ly/baltimore/2015/02/18/maryland-uber-still-odds-ridesharing-regulations/

cancellation fee or, if any fee was charged, must provide the passenger with a timely refund. See lines 318-339 at ©29 of Bill 54-14.

The current provisions of Chapter 53 require a fleet or association to have a Customer Service Plan that includes a phased in plan for service improvements to senior citizens, people with disabilities, and underserved populations. Section 53-506(a) requires that the overall number of accessible taxicab licenses be at least 5% of the total of available County taxicab licenses. By regulation, a fleet or association is required to maintain a level of at least 8% accessible vehicles. A taxicab fleet or association holding 30 or more PVLs must participate in user-side subsidy programs such as Call-n-Ride.

The industry stakeholders' positions on the accessibility issue are as follows:

- **Uber:** No substantive issues with the provisions of Bill 54-14. Uber has indicated that it would be open to discussion about a surcharge to support accessibility programs.

- **Lyft:** No substantive issues with the provisions of Bill 54-14. Lyft has indicated that it would not object to a legislated requirement that it either collect a per-ride fee or pay a flat-fee surcharge to support the expansion of wheelchair accessible options in the County. See ©178-181.

- **CCTI:** CCTI proposes to require TNC vehicles to participate in user-side subsidy programs such as Call-n-Ride, unless they opt out by paying a fee to the County, and would subject TNCs to the same accessibility standards as taxicabs, including Americans with Disabilities Act compliance and a requirement that a participating TNC provide an adequate number of vehicles to meet service demand.

Accessibility standards have been a major issue in jurisdictions that have thus far engaged in regulating TNCs. Houston includes TNC vehicles in its requirement that 3% of the *entire* vehicle-for-hire fleet in the city be wheelchair accessible vehicles. Seattle (©338-341) and Austin impose 10 cent per-ride surcharges to fund subsidies for expanding the number of wheelchair accessible vehicles in those cities. Minneapolis imposes a flat $10,000 surcharge on Uber and Lyft to fund a program aimed at increasing the availability of wheelchair accessible vehicles (©342-344).

Uber is also being sued for violations of the Americans with Disabilities Act (ADA). In the suit, filed in September 2014, the National Federation for the Blind said it has learned of many instances across the United States in which Uber drivers have refused to transport blind passengers after arriving to meet them and discovering they had guide dogs. In one instance, a driver gave the passenger a ride but locked her service dog in the trunk, the suit said. Uber has denied the allegations of discrimination, and has also argued that it is not a public-service provider or "public accommodation" covered by the ADA. The U.S. Department of Justice disagrees with Uber's position in this regard, saying in a filing that "the ADA applies to private entities that are primarily engaged in providing transportation services," even if a company is not a public accommodation.[5]

[5] http://www.ada.gov/briefs/uber_soi.pdf

Uber has begun trying to play a more active role in the direct provision of accessible transportation in some jurisdictions. In New York City's outer boroughs[6] and Chicago,[7] its UberWAV[8] program connects riders needing accessible vehicles with existing third party providers of the vehicles. While this allows Uber users to request accessible transportation, it does not expand the pool of accessible vehicles. In Philadelphia, where only seven of the 1,600 licensed taxicabs are wheelchair accessible, Uber is attempting to increase the number of accessible vehicles in another program under the UberWAV name.[9] Uber is directly contracting with licensed paratransit drivers to provide wheelchair accessible vehicles.[10]

Bill 54-14, includes some accessibility provisions, described above, but does not include any specific requirements as to the availability of wheelchair accessible TNC vehicles or any charges or fees aimed at expanding the availability of wheelchair accessible vehicles-for-hire in the County. The Committee may wish to consider the approaches taken in other jurisdictions in determining how best to maintain or improve levels of service for County residents requiring wheelchair accessible transportation. The Committee may also wish to consider other measures strengthening the accessibility provisions in the Bill. As part of that consideration, Councilmember Berliner, by letter dated February 19 to Acting DOT Director Al Roshdieh, requested DOT's position on the use of a per-ride surcharge and a requirement of in-app availability of wheelchair-accessible vehicles (©345-348). A response to this inquiry has not yet been received, but will be part of an addendum to this packet should it be received before the worksession.

Driver/Fleet Issues

Since the Bills were introduced, several taxicab drivers affiliated with the Montgomery County Professional Drivers Union (MCPDU) have communicated with Councilmembers concerning problems in their relationships with the fleets for whom they drive. The drivers described a situation in which they must pay to the taxicab company what they perceive as an exorbitant daily lease rate for a taxicab with a PVL, a charge for insurance far above market rates, an elevated credit card processing fee, and myriad others charges related to their operation of a fleet taxicab. Drivers also expressed dissatisfaction with the dispute resolution and decision-making processes in the industry.

Specific requests made by the drivers include: (1) a cap on the lease rates charged for taixcabs; (2) the opportunity for drivers to choose their own means of processing credit cards, and a 5% limit on processing charges imposed by fleets; (3) uniform contract language; (4) mandatory dispute resolution, culminating in binding arbitration; and (5) regular review of Chapter 53 by the County, ©198-202. In response to information provided by the drivers and testimony at the public hearing, Councilmember Berliner, by letter, requested certain relevant information from the five taxicab companies operating in the County. All companies have responded, providing varying amounts of information. This letter and the responses received are at ©203-236. Also, in his above-referenced February 19 letter to Acting DOT Director

[6] http://blog.uber.com/nyc-uberwav

[7] http://blog.uber.com/accessiblechicago

[8] "WAV" is an abbreviation of "Wheelchair Accessible Vehicle."

[9] http://blog.uber.com/phillyWAV

[10] http://articles.philly.com/2014-09-24/business/54244415_1_puc-wheelchair-accessible-vehicles-brokerage-license

Roshdieh, Councilmember Berliner posed a number of questions related to: taxicab lease rates; credit card processing and other charges imposed on drivers; dispute resolution; and expanding opportunities for drivers to obtain licenses.

Riemer proposal

On February 23, Councilmember Riemer sent a memorandum to the Committee members asking their consideration of a number of amendments to Chapter 53 that would address the concerns raised by the MCPDU drivers (©349-362). The Riemer proposal would:

- Create a commission, appointed by the Executive and confirmed by the Council, composed of two representatives of fleets and two representatives of drivers to recommend to the Director of DOT:
  - Maximum taxicab lease rates charged by fleets;
  - Uniform agreements that must be used by fleets; and
  - A list of types and amounts of other allowed charges.
- Require that all operating agreements between fleets and drivers or affiliates:
  - Not exceed a term of one year;
  - Not be subject to automatic renewal;
  - Provide for dispute resolution culminating in binding arbitration.
- Require that all operating agreements between fleets and drivers provide that a fleet ensures that the driver will earn from fares and tips, less expenses, an amount at least equal to the County minimum wage.
- Limit the credit card processing charge imposed by a fleet to 5% of the transaction.

A letter in support of the Riemer proposal was received from representatives of the AFL-CIO on February 24 (©363).

The requirement that a fleet ensures that a driver earn an amount equivalent to the County minimum wage may raise some concern about the independent contractor status of drivers. The Internal Revenue Service applies a 20 factor test in determining whether a person is an employee or independent contractor. Requiring a fleet to essentially guarantee that a driver earns a minimum amount would militate in favor of a finding that the person is an employee in two of those factors: "how the business pays the worker" and "the extent to which the worker can realize a profit or loss." Employment status exists on a continuum. Putting the fleet in the position where it may pay the worker, and removing the risk of loss for the worker, would move the relationship toward employee on the continuum. It is not certain that this requirement would result in a driver being deemed an employee, but the prospect should be considered, along with the practical difficulty in determining the hours worked and tips received by the driver.

In addition to the provisions above, which directly correspond to some of the drivers' requests, the Riemer proposal would also dramatically alter the makeup of the taxicab business in the County by:

- Requiring the issuance of 200 new PVLs to individuals in 2016;
- Making PVLs non-transferable; and
- Establishing a fund to provide relief to PVL holders that can show a significant decline in value from the price that they paid for the license.

The above three components of the Riemer proposal should be discussed in conjunction with the matters of PVL transferability and sublicensing. The issuance of a significant number of individual PVLs, in particular, would have the effect of moving the County away from the fleet-based model that was discussed and adopted when the County last comprehensively revised Chapter 53 in 2004. Two memoranda from Bruce Schaller, the consultant engaged by the County to study the County's taxicab market as part of its 2004 revision, are particularly pertinent to this discussion (©364-373, 374-378). For a specific discussion of fleet- vs. individual driver-based systems, see ©376. The Committee should consider whether circumstances have changed sufficiently or otherwise warrant a move away from a fleet based model. Also, given the persistent allegations of large numbers of fleet taxicabs sitting idle, the Committee should consider whether it is more desirable to reclaim and redistribute "idle" licenses through more active enforcement or strengthening of the continuous operation requirement.

Transfer of PVLs and Sublicensing

Under current law, all transfers of PVLs must be approved by the Director of DOT, and the law prohibits the Director from approving a transfer of any license if the transferee already holds, or would then hold, more than 40% of the total number of licenses then in effect. It also prohibits the approval of the transfer of a license to an individual of a license issued to a fleet if: (1) the same fleet has already transferred more than 2 licenses to individuals during that calendar year; or (2) the transfer would result in individuals holding more than 30% of the total number of licenses then in effect. Finally, the law generally prohibits the approval of a transfer of a license if the license was issued or transferred within the previous 3 years.

The CCTI Draft includes amendments to MCC § 53-204 that would remove the above-described restrictions on the transfer of PVLs. Transfers would still be subject to the approval of the Director under the process set forth in MCC § 53-204(b) as follows:

> (b) A license may be transferred only if:
>
> (1) the licensee notifies the Department in writing of the proposed transfer not less than 30 days before the date of the proposed transfer, specifying all terms and conditions of the proposed transfer and the identity of the proposed transferee;
>
> (2) the Director finds that the proposed transferee meets all requirements of this Chapter and applicable regulations; and
>
> (3) the licensee surrenders the license when the Director approves the transfer.

Is the removal of restrictions on the transferability of PVLs in the public interest?

The restrictions on the transfer of PVLs from fleets to individuals – no more than two per year, and no more than 30% of the licenses in effect to be held by individuals – are based on the two-fold rationale of preventing fleets from taking windfall profits based on the market prices of the licenses and limiting the fragmentation of the taxicab industry. The market forces in 2004, when these provisions were enacted, clearly differ from those today. Certainly, the market value of PVLs has diminished with the entry of TNCs into the marketplace, and the increasing number on individual TNC drivers may render the attempt to prevent the fragmentation of the industry an

academic exercise. It should also be noted that the advocacy group representing at least some taxicab drivers when Chapter 53 was last comprehensively amended in 2004[11] did not support a limitation on the percentage of individual ownership of licenses. This group actually advocated for much greater individual ownership, while retaining an affiliation requirement.

The current law's restriction on a transferee holding more than 40% of the licenses in effect is a clear attempt to prevent a consolidation in the industry, leading to diminished competition and presumably less incentive to deliver quality service. Again, with the entry of TNCs to the for-hire transportation market, competition for a large, and likely growing, percentage of the rides[12] is essentially guaranteed, regardless of any consolidation of existing licenses. That said, if the Committee believes that it remains important to prevent consolidation, this restriction could be retained while the other restrictions are removed.

On February 24, CCTI submitted a "white paper" the justification for a cap on the number of taxicabs, and discussing the issues related to transferability of PVLs (©379-383). In the paper, CCTI argues for a limited number of taxicabs, citing positions stated County consultant Bruce Schaller. CCTI's positions are that a limited number of taxicabs ensures higher quality customer service, that allowing PVLs to have transfer value is intrinsic to the established taxicab market, and that transferability of PVLs is critical to the viability of taxicab companies.

Centralized Digital Dispatch

Bill 55-14 represents an effort to adopt a program being pursued in Chicago and the District of Columbia (©191-195), and considered in New York City (©196-197), to create a digital dispatch system for all taxicabs. The intent of the Bill is twofold: (1) create a mechanism by which currently-regulated taxicabs can deliver taxicab services in a manner competitive with TNCs; and (2) be a part of a uniform regional dispatch system that would better serve the transportation needs of passengers in the Washington, DC metropolitan area.

The D.C. regulations require the establishment of a taxicab cooperative,[13] while Bill 55-14 merely requires the establishment of a centralized electronic dispatch system by DOT. Input from DOT on how it would administer such a digital dispatch will be crucial in determining how, if at all, the requirements of Bill 55-14 should be amended.

In his February 23 proposal, Councilmember Riemer, in addition to requesting Committee support for the driver protection measures discussed above, requested that Bill 55-14 be amended to require preference given to a vendor providing a dispatch using open standards, and a vendor providing a dispatch that can include the most jurisdictions in the Washington, DC metropolitan area. The Riemer proposal would also remove the requirement that a fleet or association provide a dispatch service, and the requirement that all drivers must drive for or affiliate with a fleet or association.

The vendor preferences in the Riemer proposal would seem to further the goal of greater regional interoperability of the dispatch. The removal of the dispatch and affiliation

[11] The group in 2004 was called Cabdrivers Allied for Better Service (CABS).

[12] TNCs do not compete with traditional taxicabs for street hails, or rides booked by telephone, but the number of rides booked by app-based dispatch is growing and, for a variety of reasons, will almost certainly continue to grow.

[13] http://dctaxi.dc.gov/sites/default/files/dc/sites/dc%20taxi/event_content/attachments/Chapters16and99.pdf

requirements may at some point be appropriate, but the Committee should be mindful of the fact that not all passengers use smartphones or pay with credit cards. Market demand may drive the continuation of 24/7 telephone dispatch. However, the removal of the existing dispatch and affiliation requirements could, theoretically, result in a situation where these passengers have limited or no access to pre-arranged taxicab service.

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20.95.01.03

.03 Definitions.

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) "Commission" means the Public Service Commission of Maryland.

(2) "Company" includes every corporation, association, partnership, group of individuals, or individual owning, controlling, operating, or managing one or more motor vehicles engaged in the transportation of persons for hire over any road between fixed termini, over a more or less regular route, on a more or less fixed schedule**, or transportation from point to point that is pre-arranged between the company and a rider.**

(3) Motor Vehicle.

(a) "Motor vehicle" includes all vehicles or machines propelled by any power other than muscular used upon the public roads, not on rails, for public transportation of persons for compensation.

(b) "Motor vehicle" does not include a taxicab.

(4) "Operator" means any person engaged in driving a motor vehicle for which a permit has been issued.

(5) "Owner" means the individual, partnership, carrier, **transportation network company, TNC Partner,** or company, to whom a permit has been issued.

(6) "Permit" means the **motor carrier or driver's** permit issued by the Commission.

(7) "Roads" means State or State-aid roads, improved county roads, or streets and roads of incorporated towns and cities in the State.

(8) "State" means the State of Maryland.

(9) "Surge pricing" means the practice of a company that uses a digital platform applying a multiplier to customer fares during a surge pricing event.

(10) "Surge pricing event" means a finite time period for a defined geographic area, during which a Company may utilize surge pricing in response to increased demand, in accordance with criteria set forth in the Company's tariff.

(11) "Transportation Network Company" (TNC) means a company issued a permit by the Commission and operating in the State of Maryland that offers pre-arranged

transportation services for compensation using a TNC platform or application to connect riders to for-hire transportation services provided by TNC Drivers. A company that received a motor carrier permit from the Commission prior to January 1, 2015 is a transportation Network Company when that company uses a TNC platform or application.

(12) "TNC Partner" means an individual with a passenger-for-hire driver's license who operates a motor vehicle that is:

(a) owned, leased, or otherwise authorized for use by the individual;
(b) not a taxicab;
(c) approved for use as a passenger-for-hire vehicle by the Commission; and
(d) used to provide for-hire transportation services.

(13) "TNC Platform" means a digital platform used by a Transportation Network Company to connect riders to TNC Partners who provide for-hire transportation services for compensation.

(14) "TNC Partner Vehicle" means a vehicle that is used by a TNC Partner to provide pre-arranged passenger transportation services requested through a TNC Platform, using Commission approved motor vehicles and operators.

20.95.01.06

B. Civil Penalty Violations. The following violations are subject to a civil penalty under Public Utilities Article, §13-202, Annotated Code of Maryland:

(1) Operating a motor vehicle after a permit is suspended or revoked;

(2) Failure to present a motor vehicle for inspection;

(3) Failure to file with the Commission an inspection certificate from a facility licensed by the State to perform motor vehicle inspections;

(4) Failure to carry appropriate insurance or provide evidence of coverage to the Commission under Regulation .18 of this chapter;

(5) Operating a motor vehicle which has been placed out of service;

(6) Operating a motor vehicle without a valid state driver's license or valid passenger-for-hire driver's license;

(7) Operating a motor vehicle while under the influence of alcohol or drugs, as defined under State law;

(8) Violation of State or local law relating to motor vehicle traffic control, the violation of which directly contributed to the cause of a fatality;

(9) Reckless driving while operating a motor vehicle, as defined under State or local law;

(10) Leaving the scene of a motor vehicle accident while operating a motor vehicle;

(11) Operating a motor vehicle which has had recurring violations of the equipment and safety standards under 49 CFR 393, as amended, which is incorporated by reference, Transportation Article, Title 22, Annotated Code of Maryland, or COMAR Title 11, committed with actual knowledge of and a conscious failure to avert the violation;

(12) Use of a motor vehicle subject to the provisions of this chapter before obtaining approval of the Commission;

(13) Falsification of a certification statement that a defect in a motor vehicle has been repaired;

(14) Operating a motor vehicle which has been placed out of service for the same violation more than two times in a 1-year period or over 50 percent of the time inspected in a 1-year period, whichever is less; or

(15) Failure of the owner or an operator of a motor vehicle to permit inspection of a vehicle or of records relating to a permit.

(16) Operating a motor vehicle without a valid motor carrier permit.

20.95.01.08

.08 Schedules—Times, Rates, and Charges.

A. The provisions of this regulation do not apply to a motor carrier providing transportation for hire by or through contract with a public authority, or a federal, State, district, or municipal transportation agency.

B. (1) A schedule of times, rates, and charges may not be instituted or changed by an owner without ~~prior approval of the Commission~~ providing the Commission ~~30~~ **14** days written notice.

(2) Unless the Commission suspends a schedule filed under paragraph (1) of this section within 14 days, the schedule shall take effect on the date specified in the schedule.

(3) A schedule of rates may include a range of maximum and minimum rates, including any applicable surge pricing.

C. An owner shall **file with the Commission a schedule of its times, rates, and charges** ~~give the Commission and the public 30 days written notice before any changes in its times, rates, and charges~~, as required in Regulation .08B of this Subchapter. **For transportation services provided through the use of a Transportation Network Company's digital platform, the Transportation Network Company shall be the owner required to submit rates on behalf of its TNC Partners.**

D. An application for authority to institute or change times, rates, and charges shall be typewritten or printed and shall include an original and:

(1) Two copies of the proposed tariff change; and

the following information:

(a) A reference to the specific time, rate, or charge section being instituted or changed,

(b) A list of the time, rate, or charge pages being revised,

(c) A brief description of the nature of the time, rate, or charge addition or change,

(g) The proposed effective date,

(h) The name and telephone number of a representative of the owner capable of answering any question the Commission may have concerning the time, rate, or charge, and

(i) The signature of the owner, or in the case of a corporation, of an authorized representative.

E. An owner shall provide access to a copy of the effective and proposed schedule of times, rates, and charges to the public at their principal place of business**, or on a website, or in both locations**.

F. A Transportation Network Company shall disclose the following information to a passenger before the passenger agrees to a trip with a Transportation Network Company:

(1) The method for calculating the fare;

(2) The applicable rate being charged;

(3) Notice that surge pricing is in effect and the multiplier to be applied, if applicable;

(4) Notice of the type and amount of any additional fee or fees being charged; and

(5) An estimated fare for the transportation service that will be provided, based on passenger-input pick-up and drop-off points.

G. A Transportation Network Company shall permit all passengers to view on their personal computer or mobile device a photograph of the authorized TNC Partner, the vehicle's license plate number, and the Transportation Network Company's Commission motor carrier permit number prior to entering the Commission approved vehicle.

H. A Transportation Network Company, on completion of transportation services, shall transmit an electronic receipt to the passenger's electronic mail address or mobile application documenting:

(1) The origin and destination of the trip;

(2) The total time of the trip;

(3) The total fare paid, including the base fare and any additional charges incurred for distance traveled or duration of the prearranged ride;

(4) The driver's first name;

(5) The Company name, a customer support telephone number and e-mail address.

I. A Transportation Network Company shall make available on its digital network and web site a customer support telephone number and e-mail address for passenger inquires, as well as instructions to passengers for filing a complaint with the Commission. A Transportation Network Company may provide customer support by other means, in addition to offering a customer support telephone number.

J. A Transportation Network Company shall submit to the Commission for acceptance a tariff setting forth maximum and minimum rates, with any applicable surge pricing capped at a maximum multiplier, and demand criteria under which surge pricing may be applied.

K. The Commission may maintain on its website a list of the rates and charges offered by all transportation-for-hire companies, for the purposes of comparison by consumers.

20.95.01.09 (Deleted)

~~.09 Schedules.~~

~~A. Except in an emergency, a motor vehicle may not be operated on any schedule other than that approved by FILED WITH the Commission.~~

~~B. An owner shall give the Commission and the public 30 days notice before the proposed effective date of a revision or abandonment of a schedule of times, rates, and charges.~~

~~C. An owner operating on a regular schedule shall notify the public of a proposed schedule revision or abandonment by conspicuously posting notices in all terminals and on all motor vehicles providing service to passengers affected by the schedule change.~~

~~D. Notice to the public shall be in a form acceptable to the Commission and shall contain, at a minimum, the effect of the proposed schedule revision or abandonment and the proposed effective date, and shall indicate that a protest may be made in writing to the Maryland Public Service Commission.~~

20.95.01.11

.11 Required Equipment, and Minimum Safety Standards.

A. A motor vehicle, including a leased or reserved motor vehicle, used by a carrier **or Transportation Network Company** shall:

(1) Comply with Transportation Article, Title 22, Annotated Code of Maryland, relating to required equipment on motor vehicles;

(2) Comply with 49 CFR 393, as amended, which is incorporated by reference, relating to required equipment on motor vehicles operated in Maryland;

(3) Be equipped with:

~~(a) An operative speedometer,~~

~~(b) Three roadside reflectors,~~

~~(c) A fire extinguisher with a minimum rating of 5 BC,~~

(a) A light or lights within the motor vehicle arranged to illuminate the entire interior except for the area occupied by the driver, and

(b) A heating **and air conditioning** system**, installed by the vehicle manufacturer at the time of manufacture**;

~~(4) Have a sign posted conspicuously, prohibiting smoking or the carrying of lighted tobacco products;~~

(~~5~~4) Be identified by a distinctive number, and have the name, trade name, or company logo conspicuously displayed, unless waived by the Transportation Division of the Commission **or, if the vehicle is a TNC Partner Vehicle, be identified by a removable insignia as specified in subchapter 24 of this Chapter, and in the Transportation Netwok Company's digital platform by providing the TNC Partner Vehicle license plate number and a picture of the TNC Partner**; and

(6) Be kept clean and sanitary.

B. Inspection.

(1) At the direction of the Commission an owner of a motor vehicle shall present the motor vehicle for inspection by a Commission representative.

(2) Upon presenting proper identification, the Commission or its representative may enter a motor vehicle for the purpose of inspecting the vehicle, vehicle equipment, or records of the carrier.

(3) A representative of the Commission, after inspection and a determination that a motor vehicle does not comply with the requirements of this chapter, may require:

(a) The repair or replacement of the motor vehicle;

(b) That the motor vehicle be removed from service pending the repair or replacement; and

(c) That an owner of a motor vehicle, which has been removed from service for repair, provide evidence of the repair.

(4) The Commission may require an owner of a motor vehicle to provide an inspection certificate from a facility licensed by the State to perform Motor vehicle inspections.

20.95.01.19

.19 Prohibited Conduct.

A. An owner of a motor vehicle used in the transportation of a person for hire, which is not licensed as a taxicab by a county or by the Commission, may not:

(1) Paint, identify, or letter the motor vehicle to resemble the distinctive color scheme or markings of a taxicab;

(2) Equip the motor vehicle with a dome light or **taxi** meter;

(3) Advertise the use of a motor vehicle as a taxicab service;

(4) Dispatch a motor vehicle to pick up a customer calling for a taxicab;

(5) Accept or dispatch a motor vehicle from a telephone number identified or advertised as providing taxicab service; or

(6) Advertise the transportation of a person for hire, unless the advertisement includes the permit number issued by the Commission.

B. An owner of a motor vehicle may not permit or direct an operator of a motor vehicle in the transportation of a person for hire to:

(1) Pick up an individual hailing the motor vehicle from the street;

(2) Discharge an individual at random; or

(3) Solicit an individual at a public or private taxicab stand or at Baltimore/Washington International Airport.

C. A Transportation Network Company may not permit or direct a TNC partner to:

(1) Pick up an individual hailing the motor vehicle from the street or through any means other than the digital platform used by the Transportation Network Company;

(2) Discharge an individual at random;

(3) Solicit an individual at a public or private taxicab stand or at Baltimore/Washington International Airport; or

(4) Solicit an individual on the street.

20.95.01.20

.20 Transportation Network Company

A. A Transportation Network Company shall:

(1) Have a permit from the Commission authorizing its operation;

(2) Register with the Maryland State Department of Assessments;

(3) Maintain a registered agent in Maryland;

(4) Comply with all Commission for-hire drivers licensing requirements, vehicle inspections and insurance requirements, and shall ensure compliance by all TNC Partners operating under its permit;

(5) Maintain a current registry of all operators, vehicles and TNC platform activity associated with the TNC and make available for Commission review upon request;

(6) Provide TNC Partners with a Transportation Network Company identification as defined under 20.95.01.22 (9);

(7) Provide the following information on its website:

(a) The Transportation Network Company's customer service telephone number or electronic mail address;

(b) The procedure for reporting a complaint; and

(c) A telephone number and electronic mail address for the Maryland Public Service Commission.

(8) Maintain, or require its TNC partners to maintain primary insurance coverage:

(a) Of the types specified in Section 20.95.01.18 of this Chapter; and

(b) In amounts no less than those specified in Section 20.95.01.18 of this Chapter

(9) Transportation Network Company and TNC Partner insurance coverage must be in effect at all times when a TNC Partner is logged on to the Transportation Network Company's platform.

(10) A TNC Partner's personal automobile insurance policy does not meet the requirements of this section, unless the policy expressly provides primary coverage when the TNC Partner is offering for-hire transportation services.

20.95.01.21 Transportation Network Company Partner Licenses.

(1) Individuals who wish to operate as TNC partners shall apply for passenger-for-hire driver's licenses through a TNC.

(2) Each TNC is authorized to file with the Commission applications for temporary driver's licenses.

(3) The Commission shall issue temporary driver's licenses to a TNC on behalf of TNC Partners upon review of a complete application. An application will be deemed complete if it contains:

(a) A local and national background check completed by a third party that is accredited by the National Association of Professional Background Screeners;

(b) A copy of the TNC Partner's valid driver's license, the TNC Partner's social security number, and two color photos 1" by 1½" of the TNC Partner, which may be digital photographs;

(c) A complete certified driving record;

(4) Once a TNC submits a completed application for a temporary driver's license, the Commission shall have no more than ten (10) business days to render a decision on the application and issue or deny a temporary license.

(5) During the review process described in subsection (4) of this section, a TNC Partner whose application is pending before the Commission is authorized to operate as a TNC Partner on a provisional basis until the Commission renders a decision on the application for temporary license.

(6) Within 60 days of the issuance of a temporary driver's license by the Commission, a TNC Partner who wishes to continue operating as a TNC Partner shall provide a fingerprint supported State and FBI background investigators' record check to the Commission.

(7) The Commission shall issue a driver's license of up to three years to a TNC Partner upon receipt of a fingerprint supported State and FBI background investigators record check, unless the results of the record checks show that the applicant has been convicted of a crime or driving offense that bears a direct relationship to the applicant's fitness to serve the public as a for-hire driver.

(8) Subsections 2 through 7 of this regulation shall expire 90 days after the effective date of this regulation, after which TNC Partner passenger-for-hire driver's license applications submitted by the Transportation Network Company shall be processed by the Commission in the same manner as other passenger-for-hire driver's license applications.

.20.95.01.22 Transportation Network Company Partner

A. A TNC Partner shall:

(1) Comply with all Commission for-hire drivers licensing, vehicle inspection, and insurance requirements;

(2) Accept only transportation arranged through a TNC's platform and shall not solicit or accept street-hails;

(3) Display a TNC identification defined under 20.95.01.22 (9) at any time that the operator is logged onto a TNC's platform;

(4) Possess a valid driver's license;

(5) Be at least 18 years of age, and have at least six months of driving experience; and
(6) Provide the Commission with Maryland State inspection certificates upon request.

20.95.01.23 Transportation Network Company Partner Vehicle Permits.

(1) Individuals who wish to operate as TNC partners shall apply for vehicle permits through a TNC.

(2) Each TNC is authorized to file with the Commission applications for vehicle permits.

(3) The Commission shall issue vehicle permits to TNCs on behalf of TNC Partner Vehicles upon receipt and review of a complete application. An application will be deemed complete if it contains:

(a) A copy of the valid vehicle registration for the TNC Partner Vehicle;

(b) A copy of a safety inspection certificate for the TNC Partner Vehicle issued within the last 90 days by a facility licensed by the State to perform motor vehicle inspections; and

(c) Proof that the vehicle complies with the requirements of Section 20.95.01.24.

(4) Once a TNC submits a completed application for a permit, the Commission shall have no more than ten (10) business days to render a decision on the application and issue or deny a permit.

(5) For a period of 90 days following the publication of this regulation as a final regulation, a TNC Partner whose application is pending before the Commission is authorized to operate their TNC Partner Vehicle on a provisional basis until the Commission renders a decision on the application.

20.95.01.24

.Transportation Network Company Partner Vehicle

A. A TNC Partner Vehicle shall:

(1) Have a permit from the Commission authorizing its operation;

(2) Have a manufacturers rated seating capacity of no more than 8 passengers including the driver;

(3) Not exceed more than 10 model years old;

(4) Be inspected for safety before being used to provide for-hire services, and thereafter on an annual basis at a facility licensed by the State of Maryland to perform motor vehicle inspections;

(5) Comply with all required equipment and minimum safety standards as defined in COMAR 20.95.01.11;

(6) Comply with all insurance requirements as defined in COMAR 20.95.01.18; and

(7) At all times while engaged on the TNC platform display on the vehicle a consistent and distinctive TNC identification, approved by the Commission, consisting of a logo, insignia, or emblem. The TNC identification shall be:

(a) Sufficiently large and color contrasted so as to be readable during daylight hours at a distance of at least 50 feet,

(b) Reflective or otherwise patently visible in darkness,

(c) Displayed in a manner that complies with Maryland Motor Vehicle Laws .

(9) The TNC identification may take the form of a removable device.

HOUSE BILL 1160

C5 4lr1868
CF SB 919

By: **Delegate Barnes**
Introduced and read first time: February 7, 2014
Assigned to: Economic Matters

A BILL ENTITLED

AN ACT concerning

Public Utilities – Transportation Network Services – Establishment

FOR the purpose of authorizing the establishment of transportation network services in the State; authorizing an individual to submit an application for registration as a transportation network operator; requiring a transportation network application company to approve or deny a certain application within a certain period of time; requiring a transportation network application company to conduct, or have a third party conduct, a certain criminal history records check using a certain database and obtain and review a driving record check for each applicant before approving an application for the applicant; prohibiting a transportation network application company from approving an application for an applicant who has been convicted of certain crimes; requiring a transportation network operator to meet certain qualifications; requiring a transportation network application company to create an application process for individuals to apply for registration as a transportation network operator; requiring a transportation network application company to maintain certain records and a certain registry of transportation network operators; requiring a transportation network application company to submit certain information to the Public Service Commission; requiring a transportation network application company to conduct, or have a third party conduct, a safety inspection of a motor vehicle that will be used to provide transportation network services before the motor vehicle is used to provide transportation network services; requiring a transportation network application company to provide certain information on the transportation network application company's Web site; authorizing a transportation network application company or a transportation network operator to provide transportation network services at no cost, for a suggested donation, or for a certain fare; requiring a transportation network application company to disclose certain fare information to a passenger before the passenger arranges a trip with a transportation network application company or a transportation network operator; requiring a transportation network application company to transmit a certain electronic receipt to a

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.

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passenger on completion of providing transportation network services; requiring a transportation network application company to implement a certain policy on the use of drugs or alcohol while an individual is arranging or providing transportation network services; requiring a transportation network application company to maintain certain insurance coverage; requiring a transportation network operator to provide certain insurance information if a certain accident occurs; specifying that a transportation network application company and a transportation network operator are not common carriers; exempting a person that provides transportation network services from certain provisions of law relating to rate regulation; exempting a motor vehicle used to provide transportation network services from certain provisions of law relating to for–hire driving services; specifying that certain provisions of law relating to for–hire driving services do not apply to a transportation network application company or a transportation network operator; defining certain terms; and generally relating to transportation network services.

BY repealing and reenacting, without amendments,
Article – Public Utilities
Section 1–101(a)
Annotated Code of Maryland
(2010 Replacement Volume and 2013 Supplement)

BY repealing and reenacting, with amendments,
Article – Public Utilities
Section 1–101(e), (pp), (qq), and (rr), 4–101, and 10–102(b)
Annotated Code of Maryland
(2010 Replacement Volume and 2013 Supplement)

BY adding to
Article – Public Utilities
Section 1–101(pp), (qq), and (rr) and 4–101.1; and 10.5–101 through 10.5–107 to be under the new title "Title 10.5. Transportation Network Services"
Annotated Code of Maryland
(2010 Replacement Volume and 2013 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Public Utilities

1–101.

(a) In this division the following words have the meanings indicated.

(e) (1) "Common carrier" means a person, public authority, or federal, State, district, or municipal transportation unit that is engaged in the public transportation of persons for hire, by land, water, air, or any combination of them.

1 (2) "Common carrier" includes:

2 (i) an airline company;

3 (ii) a car company, motor vehicle company, automobile company,
4 or motor bus company;

5 (iii) a power boat company, vessel–boat company, steamboat
6 company, or ferry company;

7 (iv) a railroad company, street railroad company, or sleeping car
8 company;

9 (v) a taxicab company;

10 (vi) a toll bridge company; and

11 (vii) a transit company.

12 (3) "Common carrier" does not include:

13 (i) a county revenue authority;

14 (ii) a toll bridge or other facility owned and operated by a county
15 revenue authority;

16 (iii) a vanpool or launch service; [or]

17 (iv) a for–hire water carrier, as defined in § 8–744 of the Natural
18 Resources Article;

19 **(V) A TRANSPORTATION NETWORK APPLICATION COMPANY;**
20 **OR**

21 **(VI) A TRANSPORTATION NETWORK OPERATOR.**

22 **(PP) "TRANSPORTATION NETWORK APPLICATION COMPANY" HAS THE**
23 **MEANING STATED IN § 10.5–101 OF THIS ARTICLE.**

24 **(QQ) "TRANSPORTATION NETWORK OPERATOR" HAS THE MEANING**
25 **STATED IN § 10.5–101 OF THIS ARTICLE.**

26 **(RR) "TRANSPORTATION NETWORK SERVICES" HAS THE MEANING**
27 **STATED IN § 10.5–101 OF THIS ARTICLE.**

1 [(pp)] **(SS)** (1) "Transportation of persons for hire" means the
2 transportation of persons by:

3 (i) regularly scheduled operations;

4 (ii) charter or contract operations; or

5 (iii) tour or sightseeing operations.

6 (2) "Transportation of persons for hire" includes the transportation of
7 persons, whether on the cooperative plan, carried by a corporation, group, or
8 association engaged in the transportation of its stockholders, shareholders, or
9 members.

10 [(qq)] **(TT)** "Water company" means a public service company that owns a
11 water plant and sells or distributes water for gain.

12 [(rr)] **(UU)** "Water plant" means the material, equipment, and property owned
13 by a water company and used or to be used for or in connection with water service.

14 4–101.

15 **(A)** In this title[,] **THE FOLLOWING WORDS HAVE THE MEANINGS**
16 **INDICATED.**

17 **(B)** ["just] **"JUST** and reasonable rate" means a rate that:

18 (1) does not violate any provision of this article;

19 (2) fully considers and is consistent with the public good; and

20 (3) except for rates of a common carrier, will result in an operating
21 income to the public service company that yields, after reasonable deduction for
22 depreciation and other necessary and proper expenses and reserves, a reasonable
23 return on the fair value of the public service company's property used and useful in
24 providing service to the public.

25 **(C) "TRANSPORTATION NETWORK SERVICES" HAS THE MEANING**
26 **STATED IN § 10.5–101 OF THIS ARTICLE.**

27 **4–101.1.**

28 **THIS TITLE DOES NOT APPLY TO A PERSON THAT PROVIDES**
29 **TRANSPORTATION NETWORK SERVICES.**

30 10–102.

1 (b) **(1)** This title applies to any motor vehicle used in the transportation of
2 persons in exchange for remuneration except:

3 [(1)] **(I)** motor vehicles designed to transport more than 15 persons;
4 [and]

5 [(2)] **(II)** transportation solely provided by or on behalf of a unit of
6 federal, State, or local government, or a not–for–profit organization as identified in §
7 501(c)(3) and (4) of the Internal Revenue Code, that requires a criminal history records
8 check and driving record check for its drivers, for clients of services including:

9 [(i)] **1.** aging support;

10 [(ii)] **2.** developmental and other disabilities;

11 [(iii)] **3.** kidney dialysis;

12 [(iv)] **4.** Medical Assistance Program;

13 [(v)] **5.** Head Start;

14 [(vi)] **6.** Welfare–to–Work;

15 [(vii)] **7.** mental health; and

16 [(viii)] **8.** job training; **AND**

17 **(III) A MOTOR VEHICLE THAT IS USED BY A**
18 **TRANSPORTATION NETWORK OPERATOR TO PROVIDE TRANSPORTATION**
19 **NETWORK SERVICES UNDER TITLE 10.5 OF THIS ARTICLE.**

20 **(2) THIS TITLE DOES NOT APPLY TO A TRANSPORTATION**
21 **NETWORK APPLICATION COMPANY OR A TRANSPORTATION NETWORK**
22 **OPERATOR.**

23 **TITLE 10.5. TRANSPORTATION NETWORK SERVICES.**

24 **10.5–101.**

25 **(A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
26 **INDICATED.**

(B) "TRANSPORTATION NETWORK APPLICATION COMPANY" MEANS A PERSON THAT USES A DIGITAL NETWORK OR SOFTWARE APPLICATION TO CONNECT A PASSENGER TO TRANSPORTATION NETWORK SERVICES.

(C) "TRANSPORTATION NETWORK OPERATOR" MEANS AN INDIVIDUAL WHO OWNS OR OPERATES A MOTOR VEHICLE THAT IS:

(1) THE INDIVIDUAL'S PERSONAL MOTOR VEHICLE;

(2) NOT REGISTERED AS A MOTOR CARRIER UNDER § 13–423 OF THE TRANSPORTATION ARTICLE; AND

(3) USED TO PROVIDE TRANSPORTATION NETWORK SERVICES.

(D) "TRANSPORTATION NETWORK SERVICES" MEANS TRANSPORTATION OF A PASSENGER:

(1) BETWEEN POINTS CHOSEN BY THE PASSENGER; AND

(2) THAT IS PREARRANGED BY A TRANSPORTATION NETWORK APPLICATION COMPANY.

10.5–102.

(A) AN INDIVIDUAL MAY SUBMIT AN APPLICATION TO THE TRANSPORTATION NETWORK APPLICATION COMPANY FOR REGISTRATION AS A TRANSPORTATION NETWORK OPERATOR.

(B) A TRANSPORTATION NETWORK APPLICATION COMPANY SHALL APPROVE OR DENY AN APPLICATION SUBMITTED UNDER SUBSECTION (A) OF THIS SECTION WITHIN 60 DAYS AFTER THE APPLICATION HAS BEEN SUBMITTED.

(C) BEFORE APPROVING AN APPLICATION SUBMITTED UNDER SUBSECTION (A) OF THIS SECTION, A TRANSPORTATION NETWORK APPLICATION COMPANY SHALL:

(1) CONDUCT, OR HAVE A THIRD PARTY CONDUCT, A LOCAL AND NATIONAL CRIMINAL HISTORY RECORDS CHECK FOR EACH APPLICANT USING THE FOLLOWING DATABASES:

(I) THE FEDERAL BUREAU OF INVESTIGATION'S NATIONAL INSTANT CRIMINAL BACKGROUND CHECK SYSTEM, OR OTHER SIMILAR

COMMERCIAL NATIONWIDE DATABASE THAT USES A PRIMARY SOURCE SEARCH; AND

(II) A NATIONAL SEX OFFENDER PUBLIC REGISTRY DATABASE; AND

(2) OBTAIN AND REVIEW A DRIVING RECORD CHECK FOR EACH APPLICANT.

(D) A TRANSPORTATION NETWORK APPLICATION COMPANY MAY NOT APPROVE AN APPLICATION SUBMITTED UNDER SUBSECTION (A) OF THIS SECTION FOR AN APPLICANT WHO:

(1) AS SHOWN IN THE CRIMINAL HISTORY RECORDS CHECK REQUIRED UNDER SUBSECTION (C)(1) OF THIS SECTION, HAS BEEN CONVICTED WITHIN THE PAST 7 YEARS OF:

(I) A CRIME OF VIOLENCE UNDER § 14–101 OF THE CRIMINAL LAW ARTICLE;

(II) SEXUAL ABUSE UNDER TITLE 3, SUBTITLE 3 OF THE CRIMINAL LAW ARTICLE;

(III) ROBBERY UNDER TITLE 4, SUBTITLE 3 OF THE CRIMINAL LAW ARTICLE; OR

(IV) FRAUD THAT IS PUNISHABLE AS A FELONY UNDER TITLE 8 OF THE CRIMINAL LAW ARTICLE;

(2) AS SHOWN IN THE DRIVING RECORD CHECK REQUIRED UNDER SUBSECTION (C)(2) OF THIS SECTION, HAS BEEN CONVICTED WITHIN THE PAST 7 YEARS OF:

(I) RECKLESS DRIVING UNDER § 21–901.1 OF THE TRANSPORTATION ARTICLE;

(II) DRIVING UNDER THE INFLUENCE OF DRUGS OR ALCOHOL UNDER § 21–902 OF THE TRANSPORTATION ARTICLE;

(III) FAILURE TO REMAIN AT THE SCENE OF AN ACCIDENT UNDER TITLE 20 OF THE TRANSPORTATION ARTICLE; OR

1 (IV) FLEEING OR ELUDING THE POLICE UNDER § 21–904 OF
2 THE TRANSPORTATION ARTICLE; OR

3 (3) AS SHOWN IN THE DRIVING RECORD CHECK REQUIRED UNDER
4 SUBSECTION (C)(2) OF THIS SECTION, HAS BEEN CONVICTED WITHIN THE PAST
5 3 YEARS OF DRIVING WITH A SUSPENDED OR REVOKED LICENSE UNDER §
6 16–303 OF THE TRANSPORTATION ARTICLE.

7 10.5–103.

8 A TRANSPORTATION NETWORK OPERATOR SHALL:

9 (1) POSSESS:

10 (I) A VALID DRIVER'S LICENSE;

11 (II) PROOF OF REGISTRATION FOR THE MOTOR VEHICLE
12 THAT IS USED FOR TRANSPORTATION NETWORK SERVICES; AND

13 (III) PROOF OF INSURANCE FOR THE MOTOR VEHICLE THAT
14 IS USED FOR TRANSPORTATION NETWORK SERVICES; AND

15 (2) BE AT LEAST 21 YEARS OLD.

16 10.5–104.

17 (A) A TRANSPORTATION NETWORK APPLICATION COMPANY SHALL:

18 (1) CREATE AN APPLICATION PROCESS FOR INDIVIDUALS TO
19 APPLY FOR REGISTRATION AS A TRANSPORTATION NETWORK OPERATOR UNDER
20 § 10.5–102 OF THIS TITLE;

21 (2) MAINTAIN A CURRENT REGISTRY OF THE TRANSPORTATION
22 NETWORK APPLICATION COMPANY'S TRANSPORTATION NETWORK OPERATORS;

23 (3) SUBMIT PROOF TO THE COMMISSION THAT THE COMPANY:

24 (I) IS LICENSED TO DO BUSINESS IN THE STATE; AND

25 (II) MAINTAINS A WEB SITE THAT PROVIDES THE
26 TRANSPORTATION NETWORK APPLICATION COMPANY'S CUSTOMER SERVICE
27 TELEPHONE NUMBER OR ELECTRONIC MAIL ADDRESS;

1 (4) CONDUCT, OR HAVE A THIRD PARTY CONDUCT, A SAFETY
2 INSPECTION OF THE MOTOR VEHICLE THAT A TRANSPORTATION NETWORK
3 OPERATOR WILL USE BEFORE THE MOTOR VEHICLE MAY BE USED TO PROVIDE
4 TRANSPORTATION NETWORK SERVICES;

5 (5) PROVIDE THE FOLLOWING INFORMATION ON ITS WEB SITE:

6 (I) THE TRANSPORTATION NETWORK APPLICATION
7 COMPANY'S CUSTOMER SERVICE TELEPHONE NUMBER OR ELECTRONIC MAIL
8 ADDRESS;

9 (II) THE TRANSPORTATION NETWORK APPLICATION
10 COMPANY'S ZERO TOLERANCE POLICY ESTABLISHED UNDER § 10.5–106 OF THIS
11 TITLE;

12 (III) THE PROCEDURE FOR REPORTING A COMPLAINT ABOUT
13 AN INDIVIDUAL WHO A PASSENGER REASONABLY SUSPECTS VIOLATED THE
14 TRANSPORTATION NETWORK APPLICATION COMPANY'S ZERO TOLERANCE
15 POLICY; AND

16 (IV) A COMPLAINT TELEPHONE NUMBER AND ELECTRONIC
17 MAIL ADDRESS FOR THE COMMISSION; AND

18 (6) MAINTAIN RECORDS FOR:

19 (I) EACH APPLICATION SUBMITTED UNDER § 10.5–102 OF
20 THIS TITLE;

21 (II) INFORMATION COLLECTED THROUGH A CRIMINAL
22 HISTORY RECORDS CHECK AND A REVIEW OF EACH APPLICANT'S DRIVING
23 HISTORY UNDER § 10.5–102(C) OF THIS TITLE;

24 (III) THE INFORMATION REQUIRED FOR EACH
25 TRANSPORTATION NETWORK OPERATOR UNDER § 10.5–103 OF THIS TITLE;

26 (IV) THE REGISTRY REQUIRED UNDER SUBSECTION (A)(2)
27 OF THIS SECTION;

28 (V) THE SAFETY INSPECTION REQUIRED UNDER
29 SUBSECTION (A)(3) OF THIS SECTION;

30 (VI) EACH TRANSPORTATION NETWORK SERVICE ARRANGED
31 BY THE TRANSPORTATION NETWORK COMPANY, INCLUDING COPIES OF

RECEIPTS THAT ARE TRANSMITTED TO A PASSENGER UNDER § 10.5–105(C) OF THIS TITLE;

(VII) EACH COMPLAINT FILED FOR AN ALLEGED VIOLATION OF THE TRANSPORTATION NETWORK COMPANY'S ZERO TOLERANCE POLICY UNDER § 10.5–106(A)(2)OF THIS TITLE;

(VIII) EACH INVESTIGATION BEGUN UNDER § 10.5–106(A)(3) OF THIS TITLE;

(IX) THE TRANSPORTATION NETWORK APPLICATION COMPANY'S INSURANCE POLICY REQUIRED UNDER § 10.5–107(A) OF THIS TITLE; AND

(X) EACH ACCIDENT THAT INVOLVES A MOTOR VEHICLE THAT IS USED FOR TRANSPORTATION NETWORK SERVICES PROVIDED BY THE TRANSPORTATION NETWORK APPLICATION COMPANY.

10.5–105.

(A) TITLE 4 OF THIS ARTICLE DOES NOT APPLY TO A PERSON THAT PROVIDES TRANSPORTATION NETWORK SERVICES.

(B) (1) A TRANSPORTATION NETWORK APPLICATION COMPANY OR A TRANSPORTATION NETWORK OPERATOR MAY:

(I) OFFER TRANSPORTATION NETWORK SERVICES AT NO COST;

(II) SUGGEST A DONATION FOR TRANSPORTATION NETWORK SERVICES PROVIDED; OR

(III) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, CHARGE A FARE FOR TRANSPORTATION NETWORK SERVICES PROVIDED.

(2) IF A FARE IS CHARGED UNDER PARAGRAPH (1)(III) OF THIS SUBSECTION, A TRANSPORTATION NETWORK APPLICATION COMPANY SHALL DISCLOSE THE FOLLOWING INFORMATION TO A PASSENGER BEFORE THE PASSENGER ARRANGES A TRIP WITH A TRANSPORTATION NETWORK APPLICATION COMPANY OR A TRANSPORTATION NETWORK OPERATOR:

(I) THE METHOD FOR CALCULATING THE FARE;

1 (II) THE APPLICABLE RATE BEING CHARGED; AND

2 (III) AN ESTIMATED FARE FOR THE TRANSPORTATION
3 NETWORK SERVICES THAT WILL BE PROVIDED.

4 (C) THE TRANSPORTATION NETWORK APPLICATION COMPANY, ON
5 COMPLETION OF TRANSPORTATION NETWORK SERVICES PROVIDED, SHALL
6 TRANSMIT AN ELECTRONIC RECEIPT TO THE PASSENGER'S ELECTRONIC MAIL
7 ADDRESS OR MOBILE APPLICATION DOCUMENTING:

8 (1) THE ORIGIN AND DESTINATION OF THE TRIP;

9 (2) THE TOTAL TIME AND DISTANCE OF THE TRIP; AND

10 (3) A BREAKDOWN OF THE TOTAL FARE PAID, IF ANY.

11 **10.5–106.**

12 (A) A TRANSPORTATION NETWORK APPLICATION COMPANY SHALL:

13 (1) IMPLEMENT A ZERO TOLERANCE POLICY ON THE USE OF
14 DRUGS OR ALCOHOL WHILE AN INDIVIDUAL IS ARRANGING OR PROVIDING
15 TRANSPORTATION NETWORK SERVICES;

16 (2) IMMEDIATELY SUSPEND AN INDIVIDUAL WHO IS ARRANGING
17 OR PROVIDING TRANSPORTATION NETWORK SERVICES ON RECEIPT OF A
18 PASSENGER COMPLAINT ALLEGING THAT THE INDIVIDUAL VIOLATED THE ZERO
19 TOLERANCE POLICY; AND

20 (3) CONDUCT AN INVESTIGATION FOR THE ALLEGED VIOLATION
21 OF THE ZERO TOLERANCE POLICY.

22 (B) A SUSPENSION ISSUED UNDER SUBSECTION (A) OF THIS SECTION
23 SHALL LAST FOR THE DURATION OF THE INVESTIGATION.

24 **10.5–107.**

25 (A) A TRANSPORTATION NETWORK APPLICATION COMPANY SHALL
26 MAINTAIN A COMMERCIAL LIABILITY INSURANCE POLICY THAT:

27 (1) PROVIDES COVERAGE OF AT LEAST $1,000,000 PER INCIDENT
28 FOR ACCIDENTS INVOLVING A TRANSPORTATION NETWORK OPERATOR WHILE
29 PROVIDING TRANSPORTATION NETWORK SERVICES; AND

1 **(2) COVERS A CLAIM INVOLVING A MOTOR VEHICLE OPERATED BY**
2 **A TRANSPORTATION NETWORK OPERATOR WHO IS PROVIDING**
3 **TRANSPORTATION NETWORK SERVICES, REGARDLESS OF WHETHER THE**
4 **TRANSPORTATION NETWORK OPERATOR HAS AN INSURANCE POLICY THAT IS**
5 **ADEQUATE TO COVER ANY PORTION OF THE CLAIM.**

6 **(B) (1) IF AN ACCIDENT OCCURS INVOLVING A MOTOR VEHICLE THAT**
7 **IS BEING USED FOR TRANSPORTATION NETWORK SERVICES, THE**
8 **TRANSPORTATION NETWORK OPERATOR SHALL PROVIDE PROOF OF THE**
9 **TRANSPORTATION NETWORK OPERATOR'S:**

10 **(I) PERSONAL INSURANCE; AND**

11 **(II) EXCESS LIABILITY COVERAGE.**

12 **(2) A TRANSPORTATION NETWORK OPERATOR WHO IS INVOLVED**
13 **IN AN ACCIDENT WHILE PROVIDING TRANSPORTATION NETWORK SERVICES**
14 **SHALL HAVE 24 HOURS TO PROVIDE PROOF OF EXCESS LIABILITY COVERAGE.**

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 July 1, 2014.

City of Seattle
Edward B. Murray, Mayor

Finance and Administrative Services
Fred Podesta, Director

Applicant: City of Seattle Department of Finance and Administrative Services	Page: 1 of 4	Supersedes: New
	Publication: 10/16/2014	Effective: 11/12/2014
Director's Rule: R-6.310.175 Wheelchair Accessible Services Surcharge Collection	Code and Section Reference: SMC 6.310.175	
	Type of Rule: Code Interpretation	
	Ordinance Authority: SMC 3.02.060	
Approved: Fred Podesta, Director	11/6/2014 Date	

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CITY OF SEATTLE
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Rule R-6.310.175
Wheelchair Accessible Services Surcharge Collection.

Seattle Municipal Code (SMC) 6.310.175.A states as follows:

6.310.175 Wheelchair Accessible Services Fund

A. In addition to the fees specified in subsection 6.310.150, as part of the license issuance or renewal fee, taxicab, for-hire vehicle licensees, and transportation network companies shall pay a $0.10 per ride surcharge for all rides originating in the City of Seattle for each vehicle. As part of the City's taxi, for-hire, and transportation network company regulation, this surcharge shall be used to offset the higher operational costs of wheelchair accessible taxi ("WAT") services for owners and operators including, but not limited to: vehicle costs associated with purchasing and retrofitting an accessible vehicle, extra fuel and maintenance costs, and time involved in providing wheelchair accessible trips. Funds shall be distributed by reimbursement for documented, itemized costs. The Director shall adopt by rule the procedure for determining when and how to distribute funds to WAT owners and drivers, including imposing conditions of reimbursement, imposing a maximum amount of reimbursement, and considering timely distribution of reimbursement to WAT drivers and owners. In determining the distribution of funds, the Director shall consider factors including, but not limited to actual consumer demand for WAT services, total number of WAT rides, total number of WAT rides requested through a TNC application, total paid trips per WAT, and average operating hours per WAT.

R-6.310.175

Wheelchair Accessible Services Fund. All Wheelchair Accessible Services (WAS) surcharges will be deposited into the Wheelchair Accessible Services Fund. This fund is a self-supporting fund that shall be used to offset the higher operational costs of wheelchair accessible taxi (WAT) services.

Responsibility of Companies. Taxi Associations, For-Hire Vehicle Companies, and Transportation Network Companies must collect WAS surcharges from all affiliated vehicles – licensed or endorsed, file the authorized forms and data reports with the City of Seattle, and remit the surcharges to the City of Seattle. Inability to collect from a driver does not release the company's obligation to pay the WAS surcharge. For information on data reporting, please refer to the SMC 6.310.540 as necessary.

Authorized forms. Reports shall be made upon forms authorized by the Director of the Department of Finance and Administrative Services (the Director) or his/her designee. Forms provided by the Director will be available to all licensed taxicab associations, for-hire vehicle companies or transportation network companies prior to the due date of the fee. The Director may reject a report made on a form not authorized by the Director.

Trip. A trip is defined as transporting a passenger from one place to another for compensation.

Trip Reporting Method. The Company will collect and report revenue trip documentation for all affiliated licensees and remit $0.10 per trip to the Consumer Protection Unit of the City of Seattle.

Reporting Frequency. The fee imposed by SMC Chapter 6.310.175 shall be reported and paid in quarterly installments, unless, at the Director's discretion, companies are assigned to a monthly or annual reporting period.

Due dates.

1. If on a quarterly schedule: WAS surcharge trip reports and payments are due on the last day of the next month after the period covered by the form. For example, trip reports covering the first quarter of the year are due on April 30.
2. If on a monthly schedule: WAS surcharge trip reports and payments are due on the last day of the next month after the month covered by the report. For example, a trip report covering the month of February is due on March 31, and a trip report covering the month of March is due April 30.
3. If the due date for filing a trip report and payment falls upon a Saturday, Sunday, or legal holiday, the filing is timely if the report is either (i) received by the City (in the City's possession), or (ii) postmarked by the United States Postal Service, on the next business day.

Payment with Trip Report Required. The Director may refuse to accept any trip report which is not accompanied by a remittance of the WAS surcharge payment shown to be due thereon, or any payment which is not accompanied by a trip report form, and if not accepted, the company shall be deemed to have failed to file a report, and shall be subject to the imposition of a Class C penalty as prescribed in SMC 6.310.540.C.

Completing the trip report. All trip reports shall be signed by a responsible officer or agent of the company unless the company has opted to file electronically. The individual signing the form will certify or declare, under penalty of perjury under the laws of the State of Washington, that the information contained in the trip report is true and correct.

Nonpayment of WAS Surcharge. If payment and trip report is not received by the due date, an invoice for an estimated payment shall be sent to the Taxi Association, For-Hire Vehicle Company or Transportation Network Company. The estimated payment will be based on historical and current industry data obtained by the Consumer Protection Unit of the City of Seattle.

Audits and Penalties. If any company fails to timely submit payment, the City of Seattle will assess the WAS surcharge based on the estimated surcharge for that quarter and may issue a license suspension notice.

The City of Seattle may periodically audit trip records, dispatch records, application records, or other records as required of companies to ensure accurate and complete reporting of revenue trips.

Appeals. A company may request a hearing before a Hearing Examiner to appeal any license suspension. A request for hearing must be submitted to the City of Seattle within ten days of the license suspension.

MINNPOST

New program hopes to spur availability of wheelchair-accessible cabs in Minneapolis

By Karen Boros | 07/17/14

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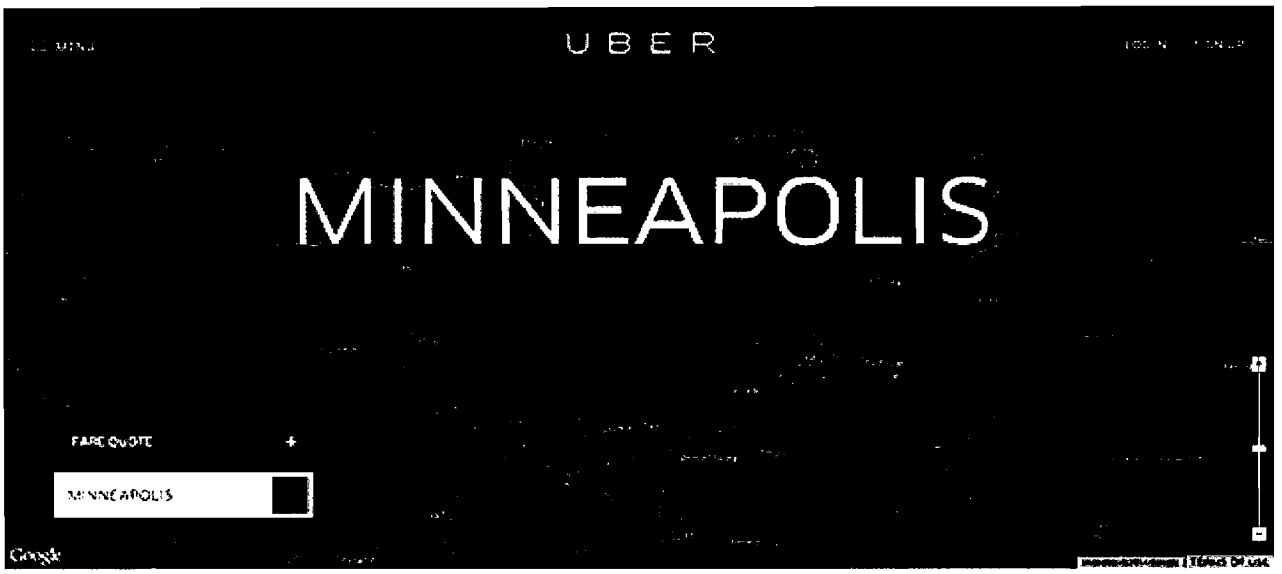

The Transportation Network Companies Lyft and Uber would each be assessed a $10,000 surcharge for the initiative.

program designed to encourage the creation of more wheelchair-ready taxicabs is part of a larger plan to overhaul of how taxis and transportation network companies such as Lyft and Uber are governed in Minneapolis. The City Council is expected to vote on the proposal Friday.

Currently, taxicab companies operating in Minneapolis are required to have 10 percent of their vehicles wheelchair ready — a provision that few of the companies are in compliance with, according to Grant Wilson, the city's manager of business licenses.

Under the new plan, a pool of money would be created for the wheelchair incentives program by assessing a $20 charge to each of the roughly 900 taxicabs in Minneapolis. In addition, the Transportation Network Companies Lyft and Uber would each be assessed a $10,000 surcharge for the initiative.

"There are concerns that [drivers] can pick and choose who they want to give a ride to and when they want to give them a ride," said Council Member Cam Gordon, who pointed out that persons requiring a wheelchair are not the only passengers with complaints about service.

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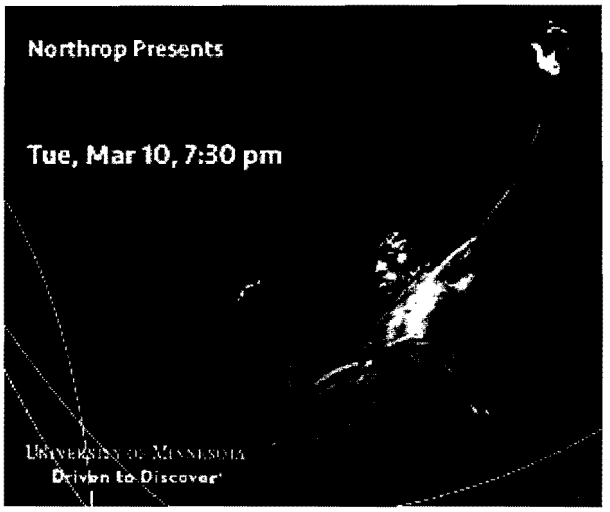
"What are we going to do if it looks like people of color are not getting picked up or parts of the city are not being served?"



"There is a requirement to provide service to all persons seeking a ride and a responsibility to convey all orderly passengers," replied Wilson, who explained that service for both the taxicabs and cars-for-hire will be monitored.

Taxicab companies must have at least 10 licensed wheelchair-accessible cabs in their fleet to qualify for the incentive program, which will waive the $950 license fee for each of those vehicles. The program will also supply stipends for training drivers to work with passengers needing wheelchairs.

Companies with less than 10 wheelchair-accessible vehicles will still qualify for a license-fee reduction, though at half the rate: $475 for each wheelchair accessible vehicle in their fleet.

To qualify for the incentive program, the taxicab companies are also required to have 24-hour dispatch and around-the-clock service availability.

"What we've seen is that there has been quite a bit of discrimination over the years in our ability to get cabs," said Council Member Jacob Frey, who sponsored the revised ordinances.

The new rules will allow the app-based Lyft and UberX services to operate legally in Minneapolis, where have both have already been in service for several months while the new rules were being written.

The two companies allow individual drivers, using their own vehicles, to arrange via smartphone passenger pick up and drop off for an agreed upon fee. The services are not bound by the city-issued fee structure for taxicabs.

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TRANSPORTATION, INFRASTRUCTURE
ENERGY & ENVIRONMENT COMMITTEE

February 19, 2015

Al Roshdieh, Acting Director
Montgomery County Department of Transportation
101 Monroe Street
Rockville, MD 20850

Dear Acting Director Roshdieh:

I write to you today concerning two important issues before the T&E Committee as it reviews regulations concerning taxicabs and transportation networking companies: working conditions for taxicab drivers and service for residents with disabilities. These issues will be taken up by our committee on February 27.

On numerous occasions over the course of the last several months, I have had the opportunity to meet with a number of taxicab drivers who have described their contractual relationships with certain taxicab fleets operating in the County. I have been deeply affected and disturbed by what I have learned.

I confess that I simply do not know how to reconcile the heavy regulatory presence our county has assumed in the minute details of the operation of our taxi fleet and our totally hands off approach to issues that are fundamental to drivers. While we have aggressively regulated the color of taxis, the county has turned a totally blind eye to the relationship between the fleets to whom we granted monopoly access and the drivers who work for them. Based on what I have heard and their public testimony, I have reluctantly concluded that our drivers, many of whom are African immigrants, are among the most disempowered workers in our county.

Attached to this letter is a position statement prepared by an attorney representing drivers as part of mediation efforts between drivers and fleets. The position statement sets forth five issues regarding which the drivers are seeking relief: (1) lease rates for taxicabs; (2) credit card processing fees; (3) lease terms and conditions; (4) dispute resolution; and (5) regular County review of Chapter 53 of the County Code. I believe that there is considerable merit to these positions and I would like to know DOT's views on these issues, as well as information on how DOT might administer changes in the law enacted to implement them.

In particular, please provide the Committee with a written response to the following specific issues prior to the Committee work session on the 27th:

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- I am interested in knowing how DOT might go about determining an appropriate cap on vehicle leases, protections provided by New York City and Seattle. It is my view that DOT is in a better position to make that determination than the Council, and my current inclination is to legislatively direct DOT to do so;

- With respect to credit card charges, I would like to know whether DOT believes that drivers should be forced to use a company provided terminal, or one of their own choosing as long as it meets certain generally acceptable standards (as is the case in San Francisco). In addition, I would like to know whether DOT believes that there should be a cap on credit card charges (as is the case in Alexandria). The record indicates that some taxi companies in Montgomery County (Barwood) charge drivers as much as 7.9%;

- With respect to lease terms, some taxi companies require drivers who bought and paid for a PVL to contract with it for 5 years (Barwood). Needless to say, such arrangements have led to charges that such a requirement is tantamount to "contracts of adhesion." Does DOT believe that drivers who bought and paid for a PVL should have the right to move from one company to another in order to ensure that taxi cab companies compete not just for customers, but for the loyalty of drivers as well? More broadly, I would like to know DOT's views on whether there should be clear and uniform contract requirements.

- Drivers also seek a means of resolving disputes with fleets. Today, drivers feel that they have no recourse. Please advise the Committee of whether the Department would support a mechanism that will provide a meaningful and fair process for resolving differences between drivers and fleets, and if so, what form you would propose.

- In addition to these issues raised in the mediation proceedings, drivers have come to me with their interest in acquiring more PVLs. Meanwhile, the companies have called for liberalizing the PVL transfer market. I would ask DOT to explain how the PVL market could change to give drivers more opportunities to own their own license and to add greater liquidity and transferability. Specifically, assuming our Council were to adopt provisions similar to what Councilmember Reimer has proposed regarding a universal dispatch system, does DOT believe that more can be and should be done to put more PVLs in the hands of drivers directly? As was discussed at the last work session, current rules contemplate that PVLs held by fleets that are idle would be returned to the County. Why would it not make sense to reallocate those PVLs to drivers? Further, how should the rules governing transfers be changed? Is the sub-licensing proposal by the companies in the best interest of drivers and the public?

Service for the Disability Community

Through our review of taxi-related issues, I have come to appreciate many of the difficulties that residents of our county who do have disabilities face when they seek to use taxicab or TNC service. I believe that an important objective of our review of these bills must be to ensure that disabled residents have access to better transportations options.

To that end, I propose that any new regulations of TNCs include requirements that they contribute to the provision of service for the disabled community. Having heard stories of TNC (and taxicab) drivers mistreating guide dogs, for example, I believe that language in the legislation should be strengthened to guarantee that TNCs are not discriminating against disabled residents and are adequately trained to respond to their needs. Since traditional UberX or Lyft vehicles are usually not able to accommodate wheelchair-bound individuals, I believe that more formal requirements are needed to properly guarantee those individuals access to reliable transportation.

I am asking for your position on potential strategies for guaranteeing better transportation options for disabled residents, based on models employed in other communities. From council staff's review of this issue, there are two approaches that have been taken:

1. **Surcharge on TNC Rides**
   This surcharge would apply to all TNC rides in the county, and would be provided to the Department on a regular basis to support taxicab drivers providing service in wheelchair-accessible cabs. Seattle has such a surcharge in place, set at 20 cents.

2. **"UberWAV" Service**
   In different communities, Uber has taken two approaches to linking disabled consumers with wheelchair-accessible vehicles directly. In Philadelphia, Uber is piloting a version of UberWAV that links app users directly with Public Utilities Commission-licensed accessible vehicles. Given that our jurisdiction covers only the UberX and Lyft services, such an approach may not be the most appropriate here. However, in New York City, users on the Uber app in the outer boroughs can request outer borough "green cabs" that are accessible. Lyft has informed me that they are currently unable to provide such a service.

I believe that a potential approach would be to impose an initial 10 cent surcharge on UberX or Lyft rides originating in Montgomery County, an amount that could be increased by Executive Regulation, and to require providers to make wheelchair-accessible vehicles available on their app, either by agreement with our traditional taxicabs or through their own partner vehicles, within two years.

This issue also brings to the fore the concerns that disabled residents have brought to my attention: that despite our efforts to have a reasonably-sized wheelchair-accessible fleet, rides are still difficult to arrange and hard to come by. Indeed, it is my understanding that while there is a requirement that as much as 8 percent of our fleets be wheelchair-accessible, there is no requirement that these vehicles actually be on the road at any one time. Given DOT's own testimony regarding the number of vehicles that are currently sitting, I would appreciate your insight into how we can guarantee that more wheelchair-accessible cabs are actually on the road at all times and better service for this important part of our community.

I appreciate your attention to all of these issues and I look forward to a timely and thorough response in advance of our work session.

Sincerely,

Roger Berliner
Councilmember, District 1
Chair, Transportation, Infrastructure, Energy, and Environment Committee

CC: Howard Benn, Chief, Customer & Operations Support, DOT
James Ryan, Taxi Unit Manager, DOT
Jay Kenney, Chief, Aging and Disability Services, HHS
Shawn Brennan, Mobility and Transportation Program Manager, HHS
Betsy Luecking, Manager, Commission on People with Disabilities, HHS
Trish Gallalee, Chair, Commission on People with Disabilities
Josh Hamlin, Legislative Attorney, County Council
Councilmembers

MONTGOMERY COUNTY COUNCIL
Rockville, Maryland

Hans Riemer
Councilmember (At Large)
Lead Member for Digital Government
Chair, Ad Hoc Committee on Liquor Control

TO:	Transportation, Infrastructure, Energy, and Environment (T&E) Committee
FROM:	Councilmember Hans Riemer
DATE:	February 23, 2015
RE:	Proposed Amendments to Bill 55-14 – Digital Dispatch for Taxis

First, I want to express my appreciation to T&E Committee Chair Roger Berliner for initiating this round of Council review of personal for-hire transportation policy. In Chair Berliner's recent letter to Department of Transportation (DOT) Acting Director Roshdieh, he observed that taxi drivers "are among the most disempowered workers in our county." After meeting with many drivers, I completely agree. There is a problematic imbalance of power between taxi companies and drivers in Montgomery County. Until the arrival of Uber and other Transportation Network Companies (TNCs), companies were largely insulated from competition - on both the labor market for drivers and the market for passengers - and risk by the oligopoly regime of PVLs *we* created. Drivers, who are not allowed to operate independently of a company, had no choice but to take or leave the lease terms provided to them.

Over time, the companies have converted all of the drivers to independent contractors, which deprives drivers of the right to collectively bargain under federal law. Although federal law is black and white - employees have collective bargaining rights and protections like the minimum wage and independent contractors do not - the reality is that there is a broad spectrum of employment arrangements and every industry is different. Taxi companies provide drivers their cars, maintenance, and all other equipment. The drivers pay per day lease rates of up to $120 per day, plus gas, plus an 8% fee on all credit card charges, plus numerous other charges which sometimes require them to work 12 hours per day or more just to break even. They are dependent on the companies and, in my view, much closer to employees than other independent contractors.

It was not until the taxi companies came to the Council to request that we insulate them from a new class of competitors that I learned just how much of the cost and risk of the taxi business is borne by the drivers, with little of the upside potential that would normally accompany being an independent business person. Now that drivers do have other options, it is no wonder that many are fleeing. I am eager to hear what DOT, taxi companies, and other stakeholders propose to help remedy this situation.

While I support Bills 53-14 and 54-14, introduced by Chair Berliner and Councilmember Floreen to legalize and regulate Uber and other TNCs and deregulate aspects of the taxi industry, I believe that a

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more transformative approach is needed if the taxi industry is to survive. That's why I introduced Bill 55-14, to create a uniform digital dispatch for the taxi industry. A uniform digital dispatch has the potential to create a taxi system with the best aspects of taxis – professional, regulated cars and drivers, street hail, cab stands, more predictable rates – and the best aspects of TNCs – the use of GPS to show all available cars and provide predictable wait and drive time estimates, a robust rating system for accountability, and easy payment.

Since introducing this bill, which quickly gained support from both drivers and companies, my office has worked extensively with the coalition of drivers represented by the AFL-CIO and Council legal staff to develop a package of amendments that make the Digital Dispatch the backbone of a reformed taxi industry in which lessee drivers have basic protections from the most abusive practices and a real voice in their working conditions. In the long term, this proposal gives drivers the choice to assume both the risk and the potential reward of operating a taxi independently or in co-op associations using the uniform digital dispatch.

Please consider these proposed amendments to Bill 55-14, which are attached to this letter:

Creating a Sustainable Taxi Market with Independent Drivers and Co-Ops

- Bill 55-14 would require DOT to implement a centralized digital dispatch system which all taxi drivers would be required to participate in. Drivers could still use other means of dispatch (telephone, street hail, other apps) but they would be required to run the centralized dispatch as well and to accept fares on the dispatch if they are on duty and free. This effort is designed to provide customers with the quality experience they crave, including easy credit card payments, a rating system for drivers, and reliable GPS based dispatching and wait estimates, while providing drivers with the infrastructure they need to operate independently or as part of an association.
- Proposed amendments:
    - Remove the requirement in current law that taxi fleets and associations operate a dispatch
    - Remove the requirement that drivers be part of a fleet or association
    - Issue a batch of new PVLs directly to drivers, made available by seniority, to allow drivers to take advantage of these opportunities
    - Use fees collected from the issuance of new PVLs and from licensing TNCs to create a fund DOT can use to provide relief to existing PVL owners that can show a significant devaluation of their PVLs from the price the County allowed them to pay
    - Make PVLs non-transferable. PVLs are a license issued by the Council and should not be treated as property to be bought or sold
    - Add a preference for a digital dispatch vendor that uses or creates open standards
    - Add preference for a digital dispatch vendor that can include the most regional jurisdictions on the same system. DC is in the process of establishing their own Dispatch system, and other area jurisdictions are looking at doing the same. This preference can be satisfied by the use of open standards

Giving Drivers a Voice

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- Create a Taxi Commission composed of two representatives of fleets and two representatives of drivers – appointed by Executive and confirmed by Council. DOT Director or designee serves ex-officio (non-voting)
    - Every two years (and within 6 months of formation), the Commission creates a set of uniform lease and affiliation agreements that include the types and maximum amounts of charges that fleets may charge drivers. There can be a variety of agreements covering different periods (daily, weekly, yearly), different types of cars (hybrids, older vehicles, vans), and any other factors the Commission agrees upon. These uniform agreements will be submitted as a report to the Department of Transportation, which will then consider and adopt them – with changes as they see fit - as a Method 2 regulation
    - Fleets are forbidden from using lease, affiliation or sub-licensing agreements other than the uniform agreements and from imposing any charges or conditions that are not included in the agreement
    - The Uniform Agreements must also include dispute resolution procedures
    - If the Commission cannot come to agreement, each member will present their proposals, arguments, and supporting documentation to an arbitrator following the rules of the American Arbitration Association. After hearing arguments, the Arbitrator will submit an opinion and recommended uniform agreements to DOT to implement by Method 2 Regulation
    - The Commission should give advice on the Centralized Dispatch, on fares, and any other matters related to the taxi industry but DOT will retain authority to set fares, control the Dispatch, and otherwise regulate the industry
- Provide taxi drivers an option to make a voluntary financial contribution to a third party advocacy or trade organization they designate through the Digital Dispatch system
- Provide basic protections for drivers:
    - Prohibit fleets from taking adverse action against drivers without just cause
    - Prohibit lease or affiliation agreements longer than one year and prohibit agreements from automatically rolling over
    - Prohibit exorbitant fees for credit card processing
    - Require that either party has the option to bring disputes to binding arbitration
    - Require that contracts at least allow lessee drivers to make minimum wage

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53-101. Definitions.

* * *

53-111. Centralized electronic dispatch system.

(a) The Director must establish a centralized electronic dispatch system to dispatch taxicabs for trips that begin or end in the County through an Internet-enabled application, digital platform, or telephone dispatch system.

(b) The Director may enter into a contract with a licensee or other private party through the County procurement process to manage and operate the system. In selecting a contractor, the Director must give preferences to vendors who:

(1) use or creates an open standard in developing the system; and

(2) include the greatest number of jurisdictions in the Washington, D.C. region in the system.

(c) The Director may require every taxicab licensed under this Chapter to participate in the system.

(d) The Director may require dispatch fees, approved under Section 53-107, to be assessed to cover the costs of operating the system.

(e) The system must maintain verifiable records, in a form prescribed by the Director, summarizing responses to requests for service made under the system. The system must provide all required records to the Director upon request.

(f) Nothing in this Section prohibits a licensee from being affiliated with or dispatched by any other two-way dispatch system.

(g) Upon written authorization of a driver, the Director, through the system, must deduct an amount designated by the driver from the

28 driver's fare reimbursement and forward that amount to a third party
29 trade or advocacy organization designated by the driver.
30 **53-112. Commission on Fleet – Driver Relations.**
31 (a) The Executive must appoint, subject to confirmation by the Council, a
32 Commission on Fleet – Driver Relations to regularly review the
33 County's laws that regulate taxicab drivers, licensees, and fleets.
34 (b) The Commission must consist of four members. The Executive must
35 appoint members so that:
36 (1) two members are representatives of fleets; and
37 (2) two members are representatives of drivers.
38 (c) The Director or the Director's representative who must serve as an ex
39 officio, non-voting member of the Commission.
40 (d) A Commission member serves for a term of 3 years, or until a
41 successor is confirmed, whichever is later. A member must not serve
42 more than 2 consecutive full terms. A person appointed to fill a
43 vacancy serves for the remainder of the predecessor's term.
44 (e) Within six months of initial appointment, and then every two years,
45 the Commission must submit to the Executive and the Council a
46 report that includes:
47 (1) uniform lease and affiliation agreements which must conform
48 to the minimum requirements of Section 53-219;
49 (2) maximum lease and affiliation rates that a fleet may charge a
50 driver;
51 (3) a list of types and amounts of other charges that a fleet may
52 charge a driver; and

53 (4) recommendations concerning the centralized dispatch, licenses,
54 taxicab meter fares, and other matters related to the taxicab
55 industry.
56 (f) If a majority of Commission members cannot agree on an item to be
57 included in the Commission report under subsection (e), the matter
58 must be resolved by arbitration following the rules of the American
59 Arbitration Association. The decision of the arbitrator must be
60 incorporated into the report of the Commission.
61 (g) Within 90 days after receiving the Commission's report, the Executive
62 must adopt, by method (2) regulation:
63 (1) uniform lease and affiliation agreements;
64 (2) maximum lease and affiliation rates that a fleet may charge a
65 driver or affiliate; and
66 (3) a list of types and amounts of other charges that a fleet may
67 charge a driver or affiliate.
68 **53-113. Licensee reimbursement fund.**
69 The Director must create a fund to provide relief to existing licensees that
70 can show a significant decline in value of their licenses from the price that they
71 paid, either to the County or to a private party transferor, for the license. The
72 Director may deposit fees from the issuance of new licenses into the fund, and
73 must administer the fund according to regulations adopted under Section 53-104.
74 **ARTICLE 2. TAXICAB LICENSES.**
75 **Division 1. General License Provisions.**
76 **53-201. Required.**
77 (a) A person must not provide taxicab service without possessing a
78 license as required under this Chapter.
79 (b) A license must be issued only to the owner of each taxicab.

80 (c) A licensee must not operate a taxicab or provide taxicab service
81 unless the licensee either:
82 (1) holds a fleet license; or
83 (2) holds one or more individual licenses **[[**and is affiliated with an
84 association or a fleet**]]**.
85 (d) A licensee must hold a license for each taxicab.
86 * * *
87 **53-204. Transferability[[; security interest]].**
88 **[[**(a) Any license must not be transferred except as provided in this
89 Chapter.
90 (b) A license may be transferred only if:
91 (1) the licensee notifies the Department in writing of the proposed
92 transfer not less than 30 days before the date of the proposed transfer, specifying
93 all terms and conditions of the proposed transfer and the identity of the proposed
94 transferee;
95 (2) the Director finds that the proposed transferee meets all
96 requirements of this Chapter and applicable regulations; and
97 (3) the licensee surrenders the license when the Director approves
98 the transfer.
99 (c) Except in the case of a transfer under subsection (f), a license issued
100 to any licensee may be transferred only if the license was not issued or transferred
101 within the previous 3 years.
102 (d) The Director must not approve the transfer to an individual of a
103 license issued to a fleet if:
104 (1) the same fleet has already transferred more than 2 licenses to
105 individuals during that calendar year; or

106 (2) the transfer would result in individuals holding more than 30%
107 of the total number of licenses then in effect.
108 Until December 31, 2009, the Director, after receiving a written
109 request from a licensee, may waive either limit in this subsection on transferring a
110 license issued to a fleet when the Director concludes that a waiver is necessary to
111 avert a potential significant loss of service or to preserve or promote adequate
112 taxicab service in all areas of the County, and the waiver will not reduce or impair
113 competition, public welfare, and public safety. If the Director waives either limit
114 for a fleet, the Director must at the same time waive the same limit for each other
115 fleet so that each fleet's share of the waivers approved for all fleets is at least the
116 same as that fleet's share of all fleet licenses when the application for a waiver was
117 filed. The Director may attach reasonable conditions to any waiver, including
118 requirements for purchase of commercial liability insurance and maintenance of
119 minimum numbers of accessible vehicles and limits on the number of new licenses
120 a company can apply for or receive in a 2-year period after it transfers existing
121 licenses.
122 (e) The Director must not approve a transfer of any license if the
123 transferee already holds, or would then hold, more than 40% of the total number of
124 licenses then in effect. This subsection does not prohibit the sale or transfer of a
125 licensee that held more than 40% of the licenses in effect on October 1, 2004, or
126 the sale or transfer of all or a majority of the licenses held by that licensee.
127 (f) A security interest may be created in a passenger vehicle license in
128 accordance with the Maryland Uniform Commercial Code, subject to the
129 Director's approval. The Executive may by regulation attach further conditions to
130 the creation of a security interest, consistent with this subsection, as necessary to
131 avoid significant disruptions in taxi service. The Director may approve the
132 creation of a security interest only if:

133 (1) the licensee and, if different, the proposed holder of the security
134 interest has notified the Director at least 30 days before the security interest would
135 be created of the identities of all parties to and all terms and conditions of the
136 security interest; and
137 (2) the secured party acknowledges in the security interest
138 agreement that:
139 (A) the security interest is subordinate, in all respects, to the
140 authority of the Director to suspend, revoke, or refuse to renew the license under
141 this Chapter; and
142 (B) any transfer of the license pursuant to a foreclosure or
143 execution on the security interest is not effective unless the Director finds that the
144 proposed transferee satisfies all requirements of this Chapter and applicable
145 regulations.
146 The Director must send to the secured party, at its last address on file
147 with the Department, a copy of any written notice to the licensee regarding the
148 suspension, revocation, or refusal to renew the license. That notice is the only
149 notice the Director is required to provide to a secured party of any action taken or
150 proposed to be taken with respect to a license.
151 (g) A transferred license is valid for the remainder of the term of the
152 original license.]]
153 A license issued under this Chapter may not be transferred.
154 **53-205. Periodic issuance of new licenses.**
155 * * *
156 (c) Individual allocation. During calendar year 2016, the Director must
157 issue 200 new licenses to individuals who meet the requirements of
158 this subsection. After 2016, [[Of]] of the new or reissued licenses

159 issued in any 2-year period, [[20%]] 50% must be allocated to
160 individuals who:
161 (1) have held a Taxicab Driver Identification Card, and have
162 regularly driven a taxicab in the County, during the preceding 3
163 years;
164 (2) have a superior driving record, as defined by regulation; and
165 (3) do not already hold a license under this Chapter.
166 In deciding among individuals who qualify under this subsection, the
167 Director must rank them by the number of years that each individual
168 has regularly driven a taxicab in the County. If a sufficient number of
169 qualified individuals do not apply for a license under this subsection,
170 the Director may allocate the remaining licenses to individuals who
171 already hold a license under this Chapter.
172 (d) Biennial limit. During calendar year [[2006]] 2016 the Director must
173 not issue more than [[70]] the 200 new licenses issued under
174 subsection (c). In each later even-numbered year, the Director may
175 issue a total number of new licenses that does not exceed 10% of the
176 number of licenses then in effect.
177 (e) Additional licenses - extraordinary authority[[; population limit]].
178 The Director may issue more licenses than are authorized under
179 subsection (d) if the Director finds, after holding a public hearing, that
180 additional taxicabs are necessary to improve service to specified
181 geographic areas or types of taxicab users or generally to increase
182 competition. [[However, the total number of licenses issued must not
183 exceed 1 license for each 1,000 County residents, as computed in the
184 most recent decennial U.S. Census or any census update published by
185 the appropriate federal agency.]]

186 (f) Individual limit. Notwithstanding any other provision of this Section,
187 the Director must not issue more than 10 new or reissued licenses in
188 any 2-year period to any licensee that holds or controls more than
189 40% of the licenses then in effect.
190 * * *
191 **53-209. Individual license application.**
192 In addition to the information required in Section 53-207, each applicant for
193 a license to be issued under Section 53-205(c) or otherwise to an individual must:
194 (a) specify [[which fleet or association]] whether the applicant will
195 affiliate with a fleet or association before putting the taxicab into service;
196 * * *
197 **53-211. Fleet license application.**
198 In addition to the information required in Section 53-207, each applicant for
199 a license issued to a fleet must:
200 (a) submit evidence that the fleet provides or will be able to provide its
201 own centralized administrative, managerial, marketing, operational,
202 [[dispatch,]] and driver training services;
203 * * *
204 **53-219. Responsibility of licensees, affiliates, and drivers.**
205 * * *
206 (e) Any contract or other operating agreement between a licensee and any
207 driver or affiliate must use the applicable uniform agreement adopted
208 by regulation under Section 53-112 and must:
209 (1) not exceed a term of one year; and
210 (2) not be subject to automatic renewal.
211 (f) Any contract or other operating agreement between a licensee and any
212 driver must:

(1) inform the driver of:

(A) the driver's obligation to comply with all requirements of this Chapter and the customer service standards adopted under this Chapter; and

(B) the licensee's obligation to take appropriate action when the licensee becomes aware that a driver has not complied with any requirement or customer service standard;

(2) empower the licensee to take appropriate action, as required in subsection (b); [[and]]

(3) not restrict a driver, affiliate, or taxicab owner from providing taxicab service in the County after the contract or agreement expires or is terminated[[.]]; and

(4) provide that the licensee must ensure that the driver earns from fares and tips, after deducting expenses, an amount at least equal to the County minimum wage as set in Chapter 27.

[(f)](g)(1) Any contract or other operating agreement between a licensee and any affiliate or driver must require both parties, at either party's request, to participate in good faith in an independent, third-party [[mediation or alternative dispute resolution process, which may be administered by the Department or the Department's designee]] binding arbitration process following the labor arbitration rules of the American Arbitration Association. The costs of the arbitration must be borne equally by the parties.

(2) A dispute is subject to the process required by this subsection if the dispute is connected with the operation of the contract or

240 agreement or involves the affiliate's or driver's compliance
241 with any requirement of this Chapter or a customer service
242 standard adopted under this Chapter. The implementing
243 regulations may specify that certain classes of disputes are not
244 subject to this process.
245 (3) The dispute resolution administrator may stay the operation of
246 any action taken by a party when a stay is necessary to preserve
247 the rights of any party.
248 (4) This subsection does not preclude either party from taking any
249 other lawful action to enforce any contract or agreement.
250 (h) A licensee must not impose on a driver or affiliate:
251 (1) a charge of more than 5% of the transaction for processing a
252 credit card payment; or
253 (2) any other charge of a type or amount other than those on the list
254 adopted by regulation under Section 53-112.
255 (i) A licensee must not take adverse action against a driver or affiliate
256 without just cause.
257 **53-220. Essential Requirements.**
258 Each fleet and association must:
259 (a) establish a management office in the County, or at another location
260 approved by the Director;
261 (b) provide a communication system approved by the Director that**[[**:
262 (1) gives the driver and fleet or association two-way dispatch
263 communication; and
264 (2)**]]** allows public access to request service, register complaints, and
265 seek information. The communications system must allow a

266 member of the public to speak to a staff member 24 hours a
267 day, 7 days a week.
268 * * *
269 **53-221. Operating requirements.**
270 Each fleet and association must:
271 (a) provide its own centralized administrative, vehicle maintenance,
272 customer service, complaint resolution, [[dispatch,]] management,
273 marketing, operational, and driver training services located in the
274 County, or at one or more other locations approved by the Director,
275 that are physically separate from any other association or fleet. A
276 fleet or association may obtain these services, with the approval of the
277 Director:
278 * * *
279 *Approved:*

280

Craig L. Rice, President, County Council Date

281 *Approved:*

282

Isiah Leggett, County Executive Date

283 *This is a correct copy of Council action.*

284

Linda M. Lauer, Clerk of the Council Date

American Federation of Labor and Congress of Industrial Organizations

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To: Transportation, Infrastructure, Energy, and Environment (T&E) Committee

FROM: Peter Ibik, President, Montgomery County Professional Drivers Union NTWA AFL-CIO, Bhairavi Desia, President, National Taxi Workers Alliance AFL-CIO, Joslyn N. Williams, President, Metro Washington Council AFL-CIO, Tefere Gebre, Executive Vice President, AFL-CIO

DATE: February 24, 2015

RE: 54-14 Taxi Driver Bill of Rights

We are writing to give our full support to Councilman Riemer's Taxi Driver Bill of Rights. This bill will go a long way towards lifting taxi drivers out of poverty.

We appreciate all the work that Councilman Riemer has done listening to taxi drivers over the past several months and for crafting the Taxi Driver Bill of Rights. He has heard many drivers tell their stories of excessive lease and other fees, of working between 12-16 hours a day, 6 days a week, and still not bringing home enough money to feed their families.

His groundbreaking legislation will give drivers a voice in their working conditions and make other necessary changes to the taxi industry so that taxi drivers can make a living wage for the hard work they do and customers will be well served through a modern digital dispatch system.

With this innovative bill, the taxi industry, which for the past 35 years has been one of the most exploitive industries in the county, could now become one of the most progressive. Montgomery County's reform will be a model for taxi reform legislation around the country that benefits drivers and passengers.

We wholeheartedly support Councilman Reimer's Driver Bill of Rights. A vote for this bill is a vote for justice for taxi drivers.

SCHALLER CONSULTING

⊙ CUSTOMER-FOCUSED SOLUTIONS ⊙

Date: July 26, 2004

To: Transportation and Environment Committee
Montgomery County Council

From: Bruce Schaller, Principal

Re: Recommendations on Taxicab Issues

Attached are my recommendations on taxicab issues discussed at the July 22 meeting.

The overall thrust of these recommendations is to create a more competitive taxi industry that will provide a superior level of customer service. Under the recommended regulatory system, the County would issue additional PVLs to cab companies that demonstrate a need for additional PVLs and a service-focused management plan. The opportunity to grow their businesses is expected to give cab companies both the incentive and ability to improve service. This incentive applies to the current companies and also to new companies that will have the opportunity to enter the market.

I believe that the "carrot" of new PVLs and the "stick" of other companies potentially attracting market share are the most effective avenues to addressing the documented taxicab service problems in the County.

The recommendations also include an overall cap on the number of PVLs issued to prevent flooding of the market; provision for independent PVL holders to establish a new company formed as an association of PVL holders; annual evaluations of response time and other service-related data; and transparency in the annual review process. Data collection is focused on data that is essential to the issue of additional PVLs. Based on my experience, the data collection and analysis recommended below will require effort but will not be burdensome to the companies or to County staff.

Per your instructions, I've also included alternative methods of allocation of company and individually held PVLs.

I look forward to reviewing these recommendations with you on Wednesday.

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Note: "Department" below refers to DPWT or successor department with responsibility for taxicab regulation.

Recommendation 1. Establish annual review process as basis for determining issuance of additional PVLs

A. Purpose:
- Evaluate company performance
- Assess need for additional PVLs
- Creates incentive for companies to improve service, market to customers and build their customer base

B. Process:
- County regulatory staff conduct annual State of the Taxicab Industry review and issue report (see Recommendation 2)
- Cab companies may apply for additional PVLs (see specifics below)
- New companies, including associations of independent owners, may apply for cab company license with specified number of PVLs requested
- County conducts a hearing on the applications
- County makes determination and issues additional PVLs if determination is made to do so
- Percentage of new PVLs are issued to drivers working for the company, based on seniority (see Recommendation 3).

C. Overall cap on number of PVLs
- Legislation sets maximum of 80 new PVLs that can be issued in each of the first two years.
  - Rationale: Set overall cap to allay fears of flooding the market.
- After first two years, Department is to evaluate whether the number of new PLVs issued should continue to be capped, whether a formula should be used to determine industry size, or whether no cap is needed.

D. Cab company submissions for PVLs must include:
- Fee that covers cost of process.
- Number of PVLs requested
- Demonstrate need based on:
  - Current taxi utilization rates (paid miles as percent of total miles; shifts and miles per PVL per year, trips per shift)
  - Response times
- Submit management plan showing:
  - How the company will provide prompt, high-quality service, including addressing the needs of special need populations, grocery runs, senior centers, etc.
  - How drivers will make a competitive income
  - How company will effectively market its services
- New companies must show business plan and financial capability. Also, will be "plus" factor if independent owners have committed to affiliating with the company.

- Companies may propose a specific phase-in schedule for additional PVLs, or may specify conditional phase-in, e.g., additional PVLs that track percentage increases in dispatched trips.

E. Evaluation criteria for additional PVLs
- Demonstration of need
- Effect on response times and service quality
- Effect on competition in taxi industry and between taxis and other transportation providers (e.g., sedans)
- Effect on driver income

F. Response time standard for review
- By legislation, establish standard of 20 minutes for immediate service and 5 minutes for advance reservation, county-wide 24/7 basis
- Establish evaluation levels of:
  - Excellent: 90%+
  - Adequate: 80-89%
  - Poor: 79% and below
- Department may modify this standard by Method 2 regulation based on finding that new standard better reflects customer expectations.
  - Finding must be based on customer research
  - Might introduce zones, peak/off-peak, etc.

G. In annual review, companies may also request special fare rates for group riding and flat airport fares
- Companies may request special fares, e.g., group rate to airports.
- Department may approve requests through regulation.

Alternatives for allocation of company-held PVLs

(1) Issue additional PVLs based on **showing of need or public convenience and necessity**, as recommended above with cap on number issued per year.
- Advantages: Company-specific finding that fits size of company to trip volumes. Also provides the most direct incentive for companies to market their services, provide good service and grow their customer base.
- Disadvantages: Concern that company-specific finding may result in oversupply of PVLs industry-wide.
- Example: Colorado

(2) **Public convenience and necessity or RFP process combined with formula.** County sets overall number of PVLs to be issued based on formula or other method, and then companies apply and show need.
- Advantages: Combines overall finding of need on County-wide basis with company-specific finding of need.
- Disadvantages: Difficult to determine "right number" of PVLs County-wide, which as the County's experience shows, is based partly on quality of service provided by companies. Also, companies are somewhat less assured of having adequate number of PVLs to satisfy trip requests.
- Examples: Fairfax County, Arlington County, Alexandria (public convenience standard); San Diego and Minneapolis (RFP process)

(3) **Equal distribution**. County determines number of PVLs to be issued and apportions them by formula among the companies, either equal number for each company, or same percentage increase to each company.
- Advantages: Simple, fair distribution.
- Disadvantages: Perpetuates current market shares with one company having the dominant share of PVLs. Also, companies cannot be assured of having adequate number of PVLs to satisfy trip requests.
- Example: Las Vegas

(4) **Auction**. County determines number of PVLs to be issued and conducts auction of PVLs. Alternatively, County makes PVLs available at current market price or at value determined by other means.
- Advantages: Revenue to County. Prevents windfall gain if PVLs can be transferred for value. Creates opportunity for companies to obtain new PVLs.
- Disadvantages: Creates substantial barrier to companies obtaining additional PVLs that may prevent smaller companies in particular from growing. Puts focus of County policy on raising revenue rather than improving quality of taxi service.
- Examples: New York, Boston, Chicago

Recommendation 2. Require that Department issue annual State of the Taxicab Industry Report

A. Overview:
- Annual review is based on data submitted by companies on monthly and annual basis as specified below
- Report forms the factual basis for annual review process

B. Data to be submitted by cab companies each month:
- Number of dispatch trips requested
- Number of trips dispatched
- Trips picked up, passenger no shows, cancellations, no service

Companies can tabulate based on combination of computerized systems and daily driver reports. For smaller companies without fully computerized dispatch, drivers would report and company would tabulate the above numbers on a daily basis. Companies may propose alternate data collection procedure.

C. Data to be submitted by cab companies each year:
- Response times
  - Use data from automated dispatch systems that capture pickup times
  - Use a sample of trips for companies with computer-aided dispatch systems. Computer-aided dispatch systems must be programmed to randomly select calls; dispatcher instructs driver to notify dispatcher via the radio of pick up times for those calls. This information is downloaded and reported to the County.
  - Must identify trips that serve special needs populations
- Accident data

D. County annually conducts:
- Analysis of service response time data submitted by companies. Analysis to include special needs populations, geographic areas, time of day.
- Mystery Rider program
- Customer satisfaction
  - Conduct web-based survey re customer satisfaction, response times, driver and vehicle quality, courtesy, etc.
  - Evaluate complaint data
- Assessment of overall trends in demand for taxicabs
  - Analysis of monthly data from companies
  - Change in population, number of no-car households, Metro ridership
  - Other relevant factors

E. Data validation
- Department to cross-check company-submitted data with other data collected
- Department has option of spot-checking company data and, if necessary, of full audit of company data.

Recommendation 3. Issue 15% of new PVLs to drivers based on seniority

A. Purpose:
- Ensure that individual PVLs maintain a place in the Montgomery County taxi industry
- Provide incentives and opportunities for drivers
- Provide a degree of competitive dynamic between companies in attracting independents
- Creates opportunity for independent drivers to form association and offer dispatch. A possible source of new company formation.

B. Process:
- Number of new PVLs to be issued is determined for each company in annual review process as described in Recommendation #1.
- 15 percent of new PVLs issued to each company are issued to drivers in that company with the most seniority as drivers
  - Seniority based on overall years driving a cab in Montgomery County
  - May conduct lottery among drivers with 7 or more years of seniority.
  - Must have driven for the company for at least 3 years

C. Requirements
- PVL holder must drive the cab full-time for at least 7 years
- Driver must commit to continuing with the same company for one year but may move to another company after one year

D. Transferability
- Option 1: PVL is transferable after 7 years. If driver stops driving within the 7 years, PVL reverts to the County and is re-issued to another qualified driver at the company.
- Option 2: PVL is not transferable and reverts to County for re-issuance when the PVL holder no longer drives full-time.

Alternatives for distribution of individually held PVLs

(1) Issue to individuals **based on driving experience**, driving record, completion of training and/or similar qualifications, as recommended above.

- Advantages: Rewards long-time drivers.
- Disadvantages: May be difficult to determine years of experience or other qualifications. If PVLs are transferable, creates opportunity for windfall gain. On the other hand, if not transferable and/or there is an owner-driving requirement, will require enforcement and raise long-term issue of drivers returning PVL to County when they no longer drive.
- Examples: San Francisco, San Diego

(2) **Lottery**

- Advantages: Open to all drivers. Relatively simple to administer.
- Disadvantages: Less of a reward/incentive for experienced drivers than option (1). If PVLs are transferable, creates opportunity for windfall gain. On the other hand, if not transferable and/or there is an owner-driving requirement, will require enforcement and raise long-term issue of drivers returning PVL to County when they no longer drive.
- Examples: Chicago, San Diego

(3) **Auction**

- Advantages: Revenue to County. Prevents windfall gain if PVLs can be transferred for value.
- Disadvantages: Creates barrier to entry for drivers. Commits County to viewing PVLs as property interest.
- Examples: New York, Boston, Chicago

Recommendation 4. Maintain transferability of PVLs with certain restrictions

A. Individually held PVLs continue to be transferable as follows:
   - Individually held PVLs are fully transferable between individuals (as under current rules)
   - Individually held PVLs may be consolidated into a new company subject to provisions in Recommendation #1 for new companies
   - Same options as in Recommendation #3D for transferability of new individual PVLs

B. Restrictions on company-held PVLs:
   - A company that holds only pre-2004 PVLs may transfer/sell PVLs between companies but not to individuals (no change from current situation).
   - A company that obtains additional PVLs under annual review process may <u>not</u> transfer/sell a <u>portion</u> of its PVLs to another company
     - Rationale: This restriction prevents companies from selling PVLs after obtaining new PVLs in the annual review process.
   - Companies will continue to be allowed to transfer stock in the company, and will continue to be allowed to sell the entire company, including PVLs, goodwill, tangible property, etc.
     - Qualifications of buyers to hold a company license must be approved by the Department.
     - (This recommendation is not meant to address the legal issue of whether PVLs can be used as collateral for loans.)

C. Restriction on company size from sale, acquisition or merger.
   - Sale, acquisition or merger of companies prohibited if resulting company holds more than 40% of total number of company-owned PVLs.

Recommendation 5. Create Taxicab Company license

A. Purpose:
   - Annual review process and issuance of PVLs to companies creates need for Taxicab Company license

B. Provisions
   - PVLs must be affiliated with Taxicab Company
   - Taxicab Companies must provide 24/7 dispatch, submit data as specified in Recommendation 2, and may apply for additional PVLs as set forth in Recommendation 2.

Recommendation 6. Review need for vehicle license separate from PVL

- Unusual to separate vehicle license from the authority granted by PVL
- Number of PVLs issued should account for vehicle downtime
- Should consider this, however, if there are advantages in regulatory process

Recommendation 7. Designate each PVL as individual or company-held

- This appears to be current practice (not clear if codified or needs to be codified)
- Allow individual PVLs to be consolidated into new company (see Recommendation 4A).

SCHALLER
CONSULTING
CUSTOMER-FOCUSED SOLUTIONS

Date: August 9, 2004

To: Transportation and Environment Committee
Montgomery County Council

From: Bruce Schaller, Principal

Re: Follow-up to issues raised at July 28 work session

This memo provides additional information related to several issues discussed at the July 28 work session regarding geographic zones and response time standards; prices for fleet-held versus individually held PVLs; allowing sale of fleet PVLs to individuals; and number of PVLs to make available for the start-up of new companies.

Use of geographic zones in assessing response times

The Committee indicated its intention to set response time standards of 20 minutes for immediate service and 5 minutes for advance reservation on a county-wide 24/7 basis, for the purpose of evaluating cab company performance. Companies would be evaluated as excellent, good, marginal or poor based on the percentage of calls picked up within the 20 minute/5 minute threshold.

It has been suggested that response times be evaluated for geographic areas within the county to take into account the fact that response times tend to vary depending on the density of calls for service from a particular area. Areas with a large number of calls would be expected to have quicker response times, with greater likelihood of an available cab being in the area of the caller, than areas that generate only a few calls, traffic and other factors being equal.

If geographic zones are to be used, the zones should distinguish between areas with a high, medium and low density of calls. The map in Figure 1 identifies approximate boundaries for zones that fulfill this criteria. Zones A and B include most of the population and taxi trips in the county, while zones C, D and E generate relatively few calls for taxi service, based on 2001 taxi company trip data.

Zones A and B also distinguish between each company's concentration of trips. Regency and Action primarily serve zone A while Barwood's trips are relatively concentrated in zone B.

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Prices for fleet-held versus individually held PVLs

"Fleet taxicab companies" are defined in the Code as entities that are required to have a PVL that own or have operational control over five or more taxicabs in the County, provide "centralized administrative, managerial, marketing, operational, and driver training services in the County that are physically separate from any other fleet taxicab company," and maintain their own centralized dispatch system.

The distinction between fleet-owned and individually owned PVLs arose from the 1988 Code revisions, which allotted a certain number of new PVLs to be issued to fleet taxicab companies. DPWT has interpreted the Code to mean that taxicab companies cannot sell PVLs to individuals. The Department's goal has been to maintain strong companies with control and responsibility for service, as opposed to allowing the evolution of companies toward becoming simply radio service providers to other PVL owners.

The last time a taxi company's PVLs changed hands was in 2001 with sale of Regency at a price of $1.6 million. The transaction included PVLs and property, meaning that the PVLs themselves exchanged hands for a price probably in the low to mid-$20,000 range.

As a comparison, the eight PVLs transferred between individuals in 2001 ranged in price from $33,650 to $53,560. The average price in 2001 was $40,500. Thus, the price differential between company-held and individual PVLs was between $13,000 and $33,000. This large range is accounted for by the range in prices on individual PVL transfers and the lack of value for PVLs separate from other assets in the Regency sale.

Since 2001, the top prices for individual PVLs has increased, although there continues to be a range in valuations:

- In FY'04, there were two PVL transfers, one for $64,000 and one for $41,700.
- In FY'03, four PVLs were sold for $50,000 to $56,000 while three PVLs sold for $25,000 to $27,000.

It is not clear why PVL prices show the bimodal distribution of prices over the last several years.

Allowing sale of fleet PVLs to individuals

Another issue raised at the July 28 work session concerned whether the County should allow companies to sell their PVLs to individuals (drivers or other non-company owners). Important to the discussion is the impact of ownership structure on service quality and the effects on opportunities for drivers, investors and cab companies to buy PVLs.

Experience in other jurisdictions is relevant to a discussion of the effects on service if the County were to allow an expansion in individual PVLs. Overall, the experience elsewhere can be summarized as follows:

1. *Generally speaking, cities and counties in which taxicabs primarily serve dispatch calls are characterized by strong cab company control of the vehicle permits, medallions, PVLs or equivalent.* Since dispatch markets require substantial investment in dispatch systems (radio systems, computers, reservationists and dispatchers), taxi company control of PVLs ensures that companies are able to direct revenue from operations toward these investments and ensure the stability of the company required for long-term investment decisions. Examples are Montgomery County, Fairfax County, VA, Orange County, CA.

2. *In jurisdictions with substantial numbers of "independents," the independents tend to primarily serve non-dispatch trips while dispatch calls are served by cab companies using company-held vehicle permits.* These jurisdictions develop a bifurcated ownership and service structure. A few large dispatch companies serve dispatch calls using their own vehicle licenses (PVLs, medallions, permits, etc.). Independent owners tend to focus on the hail, taxi stand and airport markets.

   Some of these jurisdictions require affiliation of independents (San Francisco, Seattle, San Diego) while some do not require affiliation of independents (Chicago, DC, Toronto, Ottawa). Even in the first group, however, the independents tend to focus on the hail, taxi stand and airport markets.

The record of the first group of jurisdictions is more relevant to Montgomery County since there does not appear to be sufficient taxi stand activity for independents to make a living, and of course, there is no opportunity for pickup of airport on-demand trips.

The experience of Alexandria, Virginia in the late 1970s and early 1980s provides an example of the implications of switching from a company-oriented ownership to fragmented, individual ownership of PVLs. Beginning in 1975, certificates of public convenience and necessity, which authorize the operation of taxicabs in Alexandria and are the equivalent of PVLs in Montgomery County, were issued to the owners of individual taxicabs. The City required that each taxi owner be affiliated with an approved taxi company and placed controls on the movement of the "independents" between companies. After this change occurred, the number of complaints about taxi service increased significantly. Passenger complaints occupied a substantial portion of meetings and time of the Traffic and Parking Board that was charged with hearing the complaints. Due to these problems, the City Council revised the regulatory system and assigned certificates of public convenience and necessity to companies instead of to drivers.

Start-up of new companies

In considering the issue of how many new PVLs to authorize over the next several years, consideration should be made of both the need of existing companies to expand; and of the number of PVLs required for a new company to enter the Montgomery County market.

A new company would need to put into place enough cabs to provide reasonably prompt service and build the company's business and reputation. A new company also has fixed costs for dispatching and advertising that are more affordable if spread over a larger number of vehicles. On the other hand, the investment required in vehicles would limit the number of PVLs a new company would be able to utilize.

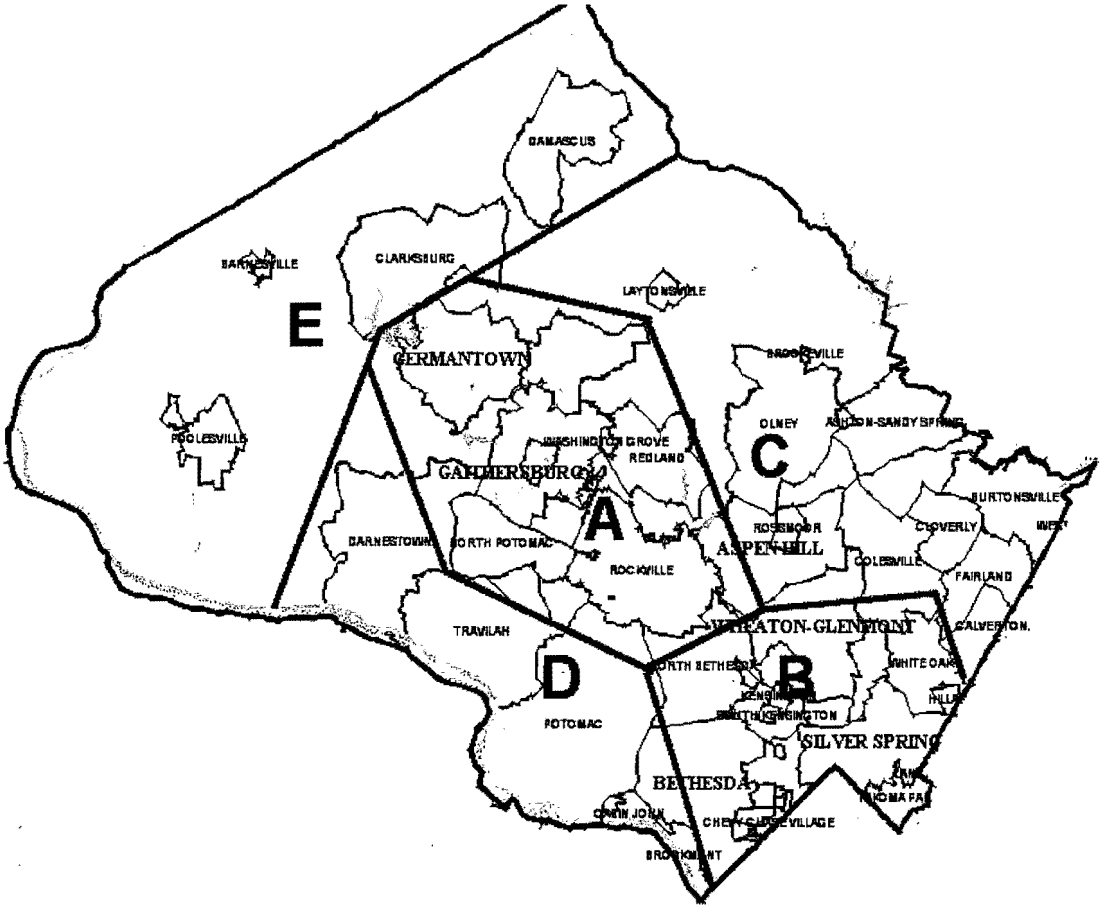
In practice, new companies tend to have between 25 and 50 cabs over the course of the first year of operation. Three examples illustrate the experience elsewhere:

- California Yellow Cab in Orange County was formed in 1997 initially with eight cars, dispatched by the owner and his wife. The company had 25 to 30 cars by the end of the first year and 50 cars by the end of the second year. The owner considers 50 cars the minimum to provide service to the entire county.

- The Colorado PUC authorized two new companies a few years ago, each with 50 cabs. The figure of 50 cabs was based on expert testimony at PUC hearings to the effect that 50 cabs were required to cover the service territory and to establish financially viable companies.

- Neither of two new companies authorized in Orlando in the 1990s, each initially with 20 vehicles and now with 37 cabs, has established a viable dispatch operation. The drivers of both companies primarily work the airport.

Figure 1. Map of potential zones for measuring response times (roughly drawn)



CCTI RESPONSE TO PVL ISSUES RAISED IN WORKSESSION #2

INTRODUCTION

As the Montgomery County Council debates the various proposals to both re-examine the regulatory framework of the local taxi industry and accommodate the arrival of new Transportation Network Companies ("TNCs"), a review of the recent history of the County's regulatory efforts should be taken into account, especially as they relate to controls on the number of taxis, the creation of value in Passenger Vehicle Licenses ("PVLs) and the transferability of PVLs. In this regard, CCTI offers this written response to certain comments made during the previous work sessions.

I. The case for a cap on the number of taxis.

In 2002, at the request of the Montgomery County Department of Transportation, Bruce Schaller of Schaller Consulting provided a report on his comprehensive study and review of County taxicab services. The report became the foundation for many of the 2005 revisions to Chapter 53 of the Montgomery County Code. Some of his suggestions included a gradual increase in the number of PVLs to correspond with a growing population, specific customer service improvements and encouraging the introduction of one or two new taxi companies. Each of these proposals found their way into the 2005 version of Chapter 53, leading to the introduction of the growth in the number of PVLs and two new entrants into the local market- Sun Taxi and Orange Taxi.

Mr. Schaller continued to study and write about the taxi industry. In 2005, Mr. Schaller wrote: "Taxi regulators' decision as to how many cabs to license is one of the most important decisions that they make. If regulators allow too few taxicabs, the resulting undersupply will create lengthy waits for cab service and sometimes prevent customers from obtaining service at all. Conversely, an oversupply of cabs can lead to service problems such as aging and ill-kept cabs and high turnover among underpaid and poorly qualified drivers."[1]

In another paper, Mr. Schaller traces the competing theories of the free taxi market and a well regulated taxi market. He points out that in the 1960s and 70s there was a major trend to open up taxi markets and eliminate barriers to entry on the theory that the "free market" would eliminate service problems. Mr Schaller writes, " As a result of oversupply and deteriorating

[1] Schaller, Bruce, "A Regression Model of the Number of Taxicabs in U.S. Cities" 2005 p.2

service, most cities that were deregulated at one time or another have adopted entry restrictions."[2] Limits on the number of taxis were reinstituted across the country in order to restore balance and good service, a trend of which Mr. Schaller approved.

Limits on licenses and reasonable entry requirements simply make good economic and service sense. In a completely open market owners and operators have no investment to protect. With no "skin in the game" taxi owners, be they individual licensees or larger fleets, often lose incentive in providing good service. When customers become more scarce due to an over-supply of vehicles, some operators will make unsafe choices in order to maximize the return on each fare they get.

The County Council recognized this problem in 2005. In finding a balance between adequate service and too many operators, the Council followed one of Mr. Schaller's recommendations and enacted Section 53-205 (e). It states, in pertinent part, "the total number of [PVLs] issued *must not exceed* 1 license for each 1,000 County residents, as computed in the most recent decennial U.S. Census or any census update published by the appropriate federal agency" (emphasis added).

This formula has thus far been ignored by those who are eager to welcome TNCs with open arms, but no rationale has yet been offered as to why this limitation is no longer viable. Indeed, CCTI believes this formula was designed to achieve a critical balance between the need for sufficient vehicles to meet demand and the equally great need for drivers to earn a reasonable living providing transportation services. The TNC business model, although it may pay lip service to the economic needs of drivers, is based solely on a huge number of vehicles providing service. The huge number may arguably provide better, or more immediate, service, but all it really guarantees is the TNC's success given they receive a percentage of every trip. Thus, the TNC business model is founded upon the gross number of trips, not the number of trips per driver. Individual driver income is not a priority.

The contempt for driver income is highlighted by Uber's recent reduction of its standard fare to a little over $1.00 per mile, less than half of the fare of a taxi. Uber's rationale for these low fares may be to eliminate other competition or simply to drive up its passenger numbers in preparation for an IPO, but it is *not* driven by a concern for its drivers. The simple math means that an Uber driver has to drive more than double the passenger miles just to make the same income as a taxi driver. No wonder Uber continues to promote the unsubstantiated myth that all of its drivers are "non-professional, part-time soccer moms." It is also no wonder that there are

[2] Schaller, Bruce, "Entry Controls in Taxi Regulation," September 2006, page 5.

an increasing number of dissatisfied Uber drivers who were drawn in by the hype only to find the money is poor and the respect from the company is poorer.

The TNCs insist they must have an unlimited number of vehicles operating in Montgomery County, although they have offered no rational market justification for this position. In contrast, CCTI believes the formula established in 53-205 (e) remains not only viable, but exquisitely fair to all constituents. Currently, there are approximately 770 taxis licensed in Montgomery County. This means that there is room for the taxi business to grow within the existing cap. As such, CCTI advocates the issuance of 100 TNC licenses this year, along with 50 new PVLs to allow the existing taxi fleets to grow as well. A second issuance could occur in 2017 after an analysis of both the need for more vehicles and an examination of the incomes of both taxi and TNC operators is completed.

II. The case for creating value in PVLs.

Contrary to recent comments, many of the PVLs held by the existing taxi fleets were not received or acquired directly from Montgomery County. In 1997, the assets of Regency Taxi, including 78 PVLs were acquired by the current owners from a prior owner. At the time of acquisition, the PVLs were the major asset purchased and the purchase price far exceeded the PVL issuance fee. Similarly, in 1991 the Barwood fleet purchased the assets of Silver Spring Transportation and acquired 64 PVLs. In 1993 Barwood purchased the assets of Checker Cab of Montgomery County and acquired 9 PVLs. In both of these purchases, the PVLs were the major asset and the price paid was far in excess of the issuance fee. Over the years, Barwood has also purchased PVLs from individual sellers at prices far higher than the fee for issuance.

That the PVLs have an economic value should be obvious to anyone. It is the PVL that allows any taxi to operate in Montgomery County. It is the PVL that is the engine to build value in the taxi business such that today, each of the five fleets have invested many thousands of dollars in state of the art dispatch technology. Each fleet is also heavily investing in new technologies, including smart phone applications, in order to compete with TNCs. The commitment of each fleet to the building of value is best expressed by the fact that, in addition to the drivers for each company, the County taxi fleets together employ over 200 hard- working, dedicated people.

Prior to the changes in Chapter 53 enacted in 2005, PVLs were freely transferable. There were no limitations of any kind on their transfer other than a buyer needed to be approved by the Department of Public Works and Transportation. Prior to 2005 transfers among licensees were not uncommon, especially between individual owner/operators. Because there was a limit on the

number of PVLs and the opportunity to acquire a new PVL was not readily available, PVLs naturally had a "market value." This value allowed individual drivers to invest in their own business, build up a clientele and at some point, often at retirement, a driver could sell his PVL and business and obtain a small return on his investment of time, effort and money.

The free transferability of PVLs was also available to the existing taxi fleets. Yet, there is no history of any fleet selling or transferring a PVL to an individual prior to 2005. The reason for this is simple: the market value of a sold license was far lower than the value of holding the license and renting a vehicle that corresponded with the license.

Although fleets did not sell licenses, the PVLs have always been recognized to have value. PVLs have long been considered a major fleet asset and are recognized as such on financial statements and other financial disclosures. They were also used by both fleets and individuals as collateral to guarantee loans from banks. Taxi companies often need to borrow money from lenders in order to finance parts of their operations, including the acquisition of vehicles and new technology. (For example, if a fleet needs to replace fifty vehicles in a year, even if the average value of those vehicles is $10,000.00, an expenditure of $500,000.00 may require financing).

With the 2005 Chapter 53 revisions, the County Council recognized and endorsed the market value of PVLs. In enacting Section 53-204 (f), the Council codified the right to create a security interest in a PVL. Since then, fleets and individuals have relied on this provision in granting security interests to lenders which has allowed more individuals than ever to have the opportunity to move from being a lessee to being an owner. Any change to Chapter 53 that would wipe out that value would be a breach of faith against those who have built their business in reliance on the law.

III. The case for PVL transferability.

As stated above, prior to 2005 there were no restrictions on the transfer of any PVL. In 2005, Section 53-204 (d) was enacted to limit fleets from transferring their PVLs to individual owner-operators. The rationale for this limitation was never clear, however, the limitation created a completely forseeable problem. This limitation failed to account for the possibility that a taxi fleet would need to liquidate some, but not all, of its assets in order to pay creditors.

This problem was made clear when, in 2007, Barwood filed for bankruptcy protection. At the time of filing, Barwood met with its creditors and representatives of the County's Department of Transportation. Barwood had conceived a plan to repay its creditors 100% of its

debt, plus interest. In order to do so, Barwood requested the ability to sell PVLs to individual buyers over a three year period. Selling to individuals was the most economically efficient method. Naturally this plan was quickly accepted by the creditors and the U.S. Trustee's office. The plan was opposed by the County because of Sec. 53-204 (d). The Council, in response to this problem, passed expedited bill 30-08 in October of 2008, allowing relief from 304(d) and also permitting other fleets to sell PVLs at the same time. No other fleet sold even a single PVL for the simple reason that their lease value is higher.

After more than two years of litigation with the County, and the expenditure of over $500,000 in attorneys' fees, the County agreed to a settlement in 2010 in which Barwood was authorized to sell enough PVLs to finance the original plan. As of this time, Barwood is one year away from paying its creditors every cent it owed plus interest . Had 53-204 (d) not existed it is very likely that Barwood would never have had the need to even file for bankruptcy.

The Barwood sale, which has now been completed, must be viewed as an unqualified success, not only for the satisfaction of the creditors, but also because it has given an opportunity to sixty drivers to become owners of their own business. To facilitate the sales, drivers with little or no credit were able to obtain financing through a micro lender, ECDC of Arlington, Virginia. They made Small Business Administration loans for the purchase of PVLs and vehicles. Not a single default has occurred on any ECDC loan and the majority of them were paid off early. The sale has provided these entrepreneurs with a small piece of the American Dream which is now being threatened by Uber's incursion and the Council's talk of limiting transfers.

CCTI urges the Council to make sure that this scenario is not repeated in the future. History has made it clear that fleets have never attempted to reap a profit by selling their PVLs to individuals. They, however, need the security of knowing that should the need arise, they can do so without having to enter into protracted litigation with the County.

T&E Items 1, 2 & 3
February 27, 2015
Worksession# 3
ADDENDUM

MEMORANDUM

Councilmembers: please retain this Addendum and attachments for future worksessions.

TO: Transportation, Infrastructure, Energy and Environment Committee

FROM: Josh Hamlin, Legislative Attorney

SUBJECT: **Worksession:** Expedited Bill 53-14, Taxicabs – Licenses – Vehicle Requirements – Driver Identification Cards; Bill 54-14, Taxicabs – Transportation Network Service Requirements; and Bill 55-14, Taxicabs – Centralized Electronic Dispatch System.

Additional Materials for Committee Consideration

Attached to this memorandum are materials that will be helpful to the Committee in considering the issues for discussion in the February 27, 2015 worksession.

Centralized Electronic Dispatch System

While there is not yet a locally mandated centralized electronic dispatch system that is operational, both the District of Columbia and Chicago have finalized the requirement or authorization that such systems be implemented. The DC Taxicab Commission Regulations (©384-390) finalized on January 2, 2015 provide for such a system, administered through a "Taxicab Industry Co-op," which would run the system and set the rates for rides booked through the dispatch. As part of its "Taxi Driver Fairness Ordinance of 2014" (©391-398), the Chicago City Council authorized the Taxicab Commissioner to select a "consolidated taxicab electronic dispatch application" (See ©397). The Chicago law is very similar to Bill 55-14, as drafted. While the County does not have an operational system to look at for guidance, these are the two slightly different models for a required centralized dispatch app.

Taxicab Driver Protections in Other Jurisdictions

As the Committee considers how best to address the issues raised by the taxicab drivers, examples of the driver protection regulations from other jurisdictions provide useful illustrations of different approaches. Chicago's law includes lease caps (see ©392-395) and regulations (©399-406) require the use of a uniform Taxicab lease agreements (©407-408) and provide other driver protections. Seattle's regulations (©409-413) impose lease caps and require several lease provisions, and require all lessors to file a notarized "Taxicab Lease Summary Sheet" with the Director of Finance and Administrative Services *for each lessee*. New York City, by regulation (©414-433) imposes lease caps, as well as limits on other charges to drivers. All three jurisdictions have requirements intended to ensure that drivers are fully informed and understanding of their obligations under their leases.

Finally, a brief article from the CATO Institute's "Reason" website (©434-435) discussing the virtues of taxi deregulation may be useful to the Committee in considering the provisions of the proposal from Councilmember Riemer to issue 200 new PVLs to individuals, and make PVLs non-transferable.

This addendum contains:

	Circle #
DCTC Regulations – Universal Taxicab App	384
Chicago Taxi Driver Fairness Ordinance of 2014	391
Chicago Taxicab Rules – Leased Vehicles and Lease Agreements	399
Chicago Uniform Taxicab Lease Agreement	407
Seattle Taxicab Rules – Taxicab Vehicle Lease	409
NYC Taxicab Regulations, Leasing a Taxicab or Medallion	414
Greenhut, *Taxi Deregulation Removes . . .* , Reason.com	434

1600 APPLICATION AND SCOPE

1600.1 This chapter establishes regulations for dispatch services, and for taxicab owners and operators, and facilitates the creation of the District of Columbia Taxicab Industry Co-op ("Co-op").

1600.2 The provisions of this chapter shall be interpreted to comply with the language and intent of the Establishment Act, as amended.

1600.3 In the event of a conflict between a provision of this chapter and a provision of another chapter of this title, the more restrictive provision shall control.

SOURCE: Final Rulemaking published at 61 DCR 4430 (May 2, 2014); as amended by Final Rulemaking published at 62 DCR 147 (January 2, 2015).

1601 GENERAL REQUIREMENTS

1601.1 No person shall provide telephone or digital dispatch, or digital payment, for public vehicles-for-hire in the District, except in compliance with this chapter, all applicable provisions of this title then in effect, and other applicable laws.

1601.2 Nothing in this chapter shall be construed as:

(a) Soliciting or creating a contractual relationship, agency relationship, or employer-employee relationship between the District of Columbia and any other person; or

(b) Delegating to any person a non-delegable legal duty of the Commission of the Office. A rule or standard of the Co-op shall not be construed as a rule or regulation of the Commission.

1601.3 Implementation of regulations applicable to dispatch services and associated owners and operators. Each dispatch service shall:

(a) Operate in compliance with § 1603; and

(b) Maintain compliance with the provisions of § 1604 for all services it provides in the District;

1601.4 No person regulated by this title shall associate with, integrate with, or conduct a transaction in cooperation with, a dispatch service that is not in compliance with § 1604.

SOURCE: Final Rulemaking published at 61 DCR 4430 (May 2, 2014); as amended by Final Rulemaking published at 62 DCR 147 (January 2, 2015).

* * *

1605 PROHIBITIONS

1605.1 No person shall dispatch a public vehicle-for hire or process a digital payment for a public vehicle-for-hire in the District except as provided in this chapter.

1605.2 No person shall operate a dispatch service that is not registered with the Office under § 1604 for all the services it provides in the District.

1605.3 No dispatch service shall dispatch or process digital payments except as provided in this chapter and in Chapters 4, 6, and 8 (for taxicabs), and in this chapter and in Chapters 12 and 14 (for sedans).

1605.4 No dispatch service may alter or attempt to alter its legal obligations under this title or to impose an obligation on any person or limit the rights of any person in a manner that is contrary to public policy or that threatens passenger or operator safety or consumer protection.

1605.5 Once a trip has been accepted by a taxicab operator through the DC TaxiApp, the taxicab operator shall not fail to pick up the passenger or to complete the trip after the passenger has been picked up. A violation of this subsection shall be treated as a refusal to haul pursuant to Chapter 8, and subject to the penalties provided in that chapter. No taxicab operator shall be required to accept a trip through the DC TaxiApp.

1605.6 [RESERVED]

1605.7 No fee charged by a DDS in addition to a taximeter fare shall be processed by a payment service provider, or displayed on or paid using any component of an MTS unit, provided, however, that such a fee may be processed by a payment service provider or displayed on or paid using a component of an MTS unit pursuant to an integration agreement between the DDS and the PSP that has been approved by the Office pursuant to Chapter 4, this chapter, and all other applicable provisions of this title, and incorporates reasonable measures to avoid passenger confusion between regulated and non-regulated rates and charges.

1605.8 [RESERVED]

SOURCE: Final Rulemaking published at 61 DCR 4430 (May 2, 2014); as amended by Final Rulemaking published at 62 DCR 147 (January 2, 2015).

* * *

1607 PENALTIES

1607.1 A dispatch service that violates this chapter shall be subject to:

(a) A civil fine of five hundred dollars ($500) for the first violation of a provision, one-thousand dollars ($1,000) for the second violation of the same provision, and one-thousand five-hundred dollars ($1,500) for each subsequent violation of the same provision;

(b) Suspension, revocation, or non-renewal of its registration;

(c) Any penalty available under Chapter 4 in connection with the dispatch of taxicabs or under Chapter 14 in connection with the dispatch of sedans;

(d) Any combination of the sanctions listed in this subsection; or

(e) Any penalty authorized by a provision of this title other than in this chapter or by other applicable law.

1607.2 A taxicab owner or operator that violates this chapter shall be subject to the civil penalty stated in the applicable provision of this chapter.

SOURCE: Final Rulemaking published at 61 DCR 4430 (May 2, 2014); as amended by Final Rulemaking published at 62 DCR 147 (January 2, 2015).

* * *

1612 DISTRICT OF COLUMBIA UNIVERSAL TAXICAB APP

1612.1 Not later than one hundred eighty (180) days after the effective date of this section ("implementation date"), each DCTC taxicab operator shall provide service only when able to receive requests for service through the District of Columbia Universal Taxicab App ("DC TaxiApp").

1612.2 Nothing in this section or § 1613 shall be construed to prevent any person from using any digital dispatch service.

1612.3 The rates and charges, if any, for trips booked through the DC TaxiApp, shall be established by the Co-op pursuant to § 1613.

1613 DISTRICT OF COLUMBIA TAXICAB INDUSTRY CO-OP

1613.1 The Co-Op shall be an industry-owned cooperative association, chartered to promote the use of all available DCTC-licensed taxicabs, including wheelchair accessible vehicles, by the residents of and visitors to the District.

1613.2 The Co-op shall provide all necessary service and support for the DC TaxiApp in the manner prescribed by this section, § 1612, and any license agreement with the District.

1613.3 The Co-op shall be owned and operated for the mutual benefit of its members, including independent owners, taxicab companies, taxicab associations, and taxicab operators.

1613.4 Each taxicab company required by D.C. Official Code § 50-329.02 to provide dispatch services shall be a charter member of the Co-op, and shall remain a member of the Co-op. Each taxicab company or association with between twenty (20) and ninety nine (99) vehicles, each independent owner, and each taxicab operator may be, but shall not be required to be, a member of the Co-op.

1613.5 Each member of the Co-op shall provide a capital contribution based on the number of vehicles it owns or with which it is associated.

1613.6 Within fourteen (14) days after the effective date of this section, the charter members shall select three (3) individuals to act as incorporators for the purpose of establishing the Co-op.

1613.7 Within thirty (30) days after the effective date of this section, the charter members shall cause the incorporators to file with the Office proposed bylaws and other documents to establish the Co-op in compliance with District regulations and laws applicable to the incorporation of a domestic cooperative association, which shall include terms and conditions in the bylaws for the Co-op to:

(a) Maintain a physical place of business in the District;

(b) Establish and maintain a digital dispatch service to be operated in compliance with this title and other applicable laws, which makes the DC TaxiApp available to all taxicab owners and operators;

(c) Not give preferential treatment to any person or group of persons regulated by this title or other applicable law, including any member of the Co-op or other person, in its operations; in the marketing, availability, or functionality of the DC TaxiApp; or in the rates and charges which the Co-op sets for trips booked through the DC TaxiApp;

(d) Execute any necessary license agreement for the use of the DC TaxiApp, and comply with all terms and conditions thereof;

(e) Establish, maintain, and publicize competitive, market-based rates and charges for trips booked through the DC TaxiApp, including such fees as necessary to support the operations of the Co-op;

(f) Develop, distribute, and require the acceptance of terms of service between the Co-op and vehicle owners and operators, and between the Co-op and passengers, including a distribution agreement with vehicle owners concerning the revenue generated through the use of the DC TaxiApp;

(g) Market the DC TaxiApp to encourage its use by all passengers seeking service from a DCTC-licensed taxicab;

(h) Maintain a fair, reasonable, and non-discriminatory system which allows the passenger to rate the operator based on the quality of service received;

(i) Promote the availability of wheelchair accessible taxicab service, and use incentives to owners and operators;

(j) Carry such commercial insurance as necessary in connection with the use of the DC TaxiApp;

(k) Maintain its business records for five (5) years;

(l) Comply with all applicable provisions of this title for enforcement and compliance to the same extent as if the Co-op were a taxicab company or association, including, where appropriate, filing a public complaint with the Office against any person in connection with a violation of this section or § 1612;

(m) Establish rules and standards for its operations, including rules and standards for the safe and prompt provision of service through the DC TaxiApp;

(n) Apply for any necessary grants made available by the Office, and comply with all terms and conditions thereof;

(o) Engage in any activity authorized by law, not inconsistent with its bylaws, and in the interest of its members, including:

(1) Offering insurance, such as life, health, dental, disability, and vehicle;

(2) Providing retirement and savings plans, and other benefits; and

(3) Offering discounts on goods and services of interest to members;

(p) Conduct its business to ensure that no person is required to act in a manner contrary to an obligation imposed by this title or other applicable law;

(q) Comply with all applicable District and federal laws and regulations, and engage only in fair and lawful competition;

(r) Not make any change in its bylaws which conflicts with the Office's approval pursuant to § 1613.8, or with any provision of this title or other applicable law; and

(s) Provide that the District shall have standing to enforce the requirements of this section and § 1612 through an appropriate action at law or in equity in the District of Columbia Courts.

1613.8 The Office shall review the documents filed pursuant to § 1613.7 for purposes of ensuring compliance with this section, § 1612, and other provisions of this title and other applicable laws. The Office shall issue a written decision within ten (10) days. If the Office does not approve the filing, it shall state the basis of its decision in detail. The documents shall be modified and re-filed consistent with the Office's direction within fourteen (14) days. Each charter member shall have standing to appeal the Office's decision to deny approval to the Chief of the Office, whose decision may be further appealed to the Commission. A decision of the Commission shall be a final agency decision.

1613.9 Within thirty (30) days after the approval required by §§ 1613.8, the charter members shall cause the incorporators to:

(a) Conclude the legal establishment of the Co-op and its digital dispatch service under this title and other applicable laws;

(b) Obtain a physical place of business for the Co-op within the District; and

(c) Schedule a meeting to be held within thirty (30) to sixty (60) days following the issuance of public notice to all prospective members of the Co-op, to:

(1) Elect a board of directors;

(2) Approve the Co-op's bylaws; and

(3) Engage in such other business as necessary to begin full daily operation of the Co-op and use of the DC TaxiApp by all taxicab owners and operators not later than the implementation date.

1613.10 During the first twenty four (24) months after the effective date of this section, the Office may make one or more grants to the charter members or to the Co-op in an

amount not to exceed twenty five thousand dollars ($25,000), to defray the documented expenses to establish or operate the Co-op pursuant to the provisions of this section, § 1612, and other applicable laws, upon such terms and conditions as may be contained in the grant. Each grant shall be made pursuant to all applicable laws, regulations, and guidelines, and any administrative issuance of the Office.

1613.11 The Office shall acquire or develop the DC TaxiApp, which shall remain the intellectual property of the District of Columbia. The DC TaxiApp shall be made available by license to the Co-op for its exclusive use in a manner consistent with this section, § 1612, and all applicable laws.

1613.12 The Office shall not undertake any enforcement action against a person based upon a violation of a Co-op rule or standard.

SOURCE: Final Rulemaking published at 62 DCR 147 (January 2, 2015).

02014-8352

SUBSTITUTE ORDINANCE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. This ordinance shall be known as the Taxi Driver Fairness Ordinance of 2014.

SECTION 2. Chapter 9-104 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows:

9-104-040 License – Suspension and revocation.

(a) Except as otherwise provided in this code, if any licensee violates any traffic law or ~~any of the provisions of~~ this chapter or chapter 9-112, chapter 9-114 or chapter 9-115 or rules or regulations adopted pursuant to this chapter, ~~or~~ chapter 9-112, chapter 9-114 or chapter 9-115, the commissioner may seek revocation or suspension of the licensee's license and/or the imposition of a fine up to ~~$1,000.00~~ $400.00 and/or the issuance of an order of restitution or other appropriate equitable relief. The commissioner also may order any licensee again to successfully complete the course of study or examination, or both, as provided for in subsection 9-104-030(2)(e) prior to the reinstatement of the license. The commissioner shall promulgate rules and regulations regarding the lengths of suspension and the amounts of fines to be imposed, and the types of equitable relief to be ordered, for specific violations.

(b) Notwithstanding any other provision of this chapter, whenever the Illinois driver's license, or the driver's license of another state, district or territory of the United States, of a licensee has been revoked or suspended by the Secretary of State or other authorized agency, the licensee's public chauffeur license shall be subject to automatic suspension for the period that the driver's license is suspended or revoked. The suspension shall not be subject to any of the procedures described in this section. A suspension under this subsection (b) shall be in addition to and shall not ~~effect~~ affect any disqualification, suspension, revocation, fine or other penalty or sanction that otherwise may be applicable.

(Omitted text is not affected by this ordinance)

9-104-140 Violation – Penalty.

If any chauffeur violates ~~any provision of~~ this chapter, chapter 9-112, chapter 9-114 or chapter 9-115 of this Code ~~or of this chapter~~ for which a penalty is not otherwise provided, such chauffeur shall be fined not less than $75.00 nor more than ~~$1,000~~ $400.00 for each offense.

SECTION 3. Chapter 9-112 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows:

9-112-030 Total number of licenses.

The total number of licenses that each licensee holds will be based on the total licenses in each corporation, or legal entity, in which he holds a 25 percent or greater share of ownership interest including, but not limited to, stocks and shares.

No person shall own in whole or in part, directly or indirectly, or have a security interest in more than 25 percent of, the authorized licenses issued under Chapters 9-112 and 9-114.

9-112-070 Specifications for taxicab vehicles.

The commissioner may issue licenses for motor vehicles to operate as taxicabs according to the following:

(a) Vehicles having a manufacturer's rated seating capacity of ten or more persons, including the driver, may not be licensed as taxicabs.

(b) A vehicle must meet applicable federal motor vehicle safety standards for vehicles of its size, type and proposed use, in order to be licensed as a taxicab.

(c) Age of vehicle. A licensee cannot operate a vehicle as a licensed taxicab beyond the following vehicle age:

(1) Four years for vehicles that are not designated pursuant to the department's list of authorized vehicles as wheelchair accessible or fuel efficient.

(2) ~~Six~~ Seven years for vehicles that are designated pursuant to the department's list of authorized vehicles as fuel efficient.

(3) Seven years for vehicles that are designated pursuant to the department's list of authorized vehicles as wheelchair accessible.

(Omitted text is not affected by this ordinance)

9-112-100 Qualifications for license.

(Omitted text is not affected by this ordinance)

~~(d) No person shall be qualified for a public vehicle license under Chapter 9-114 and a taxicab medallion license at the same time.~~

9-112-220 Lease rate regulations.

(Omitted text is not affected by this ordinance)

(d) Any licensee who imposes a lease rate or other charge in excess of that which is permitted under this ~~section~~ chapter and rules promulgated thereunder, or who fails to provide financial information that is required under subsection (c), or who otherwise violates this section shall be subject to a fine as set forth in section 9-112-630, restitution payable to the chauffeur who was overcharged, and shall be subject to the suspension or revocation of the licensee's ~~taxicab~~ license in the manner provided in this chapter and the rules and regulations adopted under this chapter. Each day that a violation continues, and each unlawful lease that is executed, shall constitute a separate and distinct offense. In addition, the commissioner may request the city to bring an action in an appropriate court for injunctive or other equitable relief for violations of this section.

(Omitted text is not affected by this ordinance)

9-112-230 Tiered lease rate structure.

(a) ~~Starting upon the effective date of this chapter, the~~ The following tiered lease structure with stated lease rate caps applies:

~~Tier~~	~~Vehicle MPG~~	~~12 Hour Daily Maximum Lease Rate~~	~~12 Hour Weekly Maximum Lease Rate~~	~~24 Hour Daily Maximum Lease Rate~~	~~24 Hour Weekly Maximum Lease Rate~~
~~1~~	~~Greater than or equal to (≥) 36 mpg or greater than or equal to (≥) 21 mpg natural gas vehicle~~	~~$74 per 12 hour shift~~	~~$518 total for seven consecutive 12 hour shifts~~	~~$101 per 24 hour shift~~	~~$707 total for seven consecutive 24 hour shifts~~
~~2~~	~~Between 25 to 35 mpg or less than or equal to (≤) 20 mpg natural gas vehicle~~	~~$69 per 12 hour shift~~	~~$483 total for seven consecutive 12 hour shifts~~	~~$93 per 24 hour shift~~	~~$651 total for seven consecutive 24 hour shifts~~
~~3~~	~~Less than or equal to (≤) 24 mpg~~	~~$59 per 12 hour shift~~	~~$413 total for seven consecutive 12 hour shifts~~	~~$85 per 24 hour shift~~	~~$595 total for seven consecutive 24 hour shifts~~

Tier 1 Vehicles Greater than or equal to 36 mpg or greater than or equal to 21 mpg natural gas vehicle	**12 Hour Daily Maximum Lease Rate**	**12 Hour Weekly Maximum Lease Rate**	**24 Hour Daily Maximum Lease Rate**	**24 Hour Weekly Maximum Lease Rate**
1 year or newer vehicle age	$72 per 12 hour shift	$504 total for seven consecutive 12 hour shifts	$99 per 24 hour shift	$693 total for seven consecutive 24 hour shifts
Older than 1 year but 2 years or newer vehicle age	$71 per 12 hour shift	$497 total for seven consecutive 12 hour shifts	$95 per 24 hour shift	$665 total for seven consecutive 24 hour shifts
Older than 2 years vehicle age	$59 per 12 hour shift	$413 total for seven	$85 per 24 hour shift	$595 total for seven

		consecutive 12 hour shifts		consecutive 24 hour shifts

Tier 2 Vehicles Between 25 to 35 mpg or less than or equal to 20 mpg natural gas vehicle	12 Hour Daily Maximum Lease Rate	12 Hour Weekly Maximum Lease Rate	24 Hour Daily Maximum Lease Rate	24 Hour Weekly Maximum Lease Rate
1 year or newer vehicle age	$69 per 12 hour shift	$483 total for seven consecutive 12 hour shifts	$93 per 24 hour shift	$651 total for seven consecutive 24 hour shifts
Older than 1 year but 2 years or newer vehicle age	$59 per 12 hour shift	$413 total for seven consecutive 12 hour shifts	$85 per 24 hour shift	$595 total for seven consecutive 24 hour shifts
Older than 2 years vehicle age	$54 per 12 hour shift	$363 total for seven consecutive 12 hour shifts	$78 per 24 hour shift	$539 total for seven consecutive 24 hour shifts

Tier 3 Vehicles Less than or equal to 24 mpg	12 Hour Daily Maximum Lease Rate	12 Hour Weekly Maximum Lease Rate	24 Hour Daily Maximum Lease Rate	24 Hour Weekly Maximum Lease Rate
Any allowable vehicle age	$54 per 12 hour shift	$363 total for seven consecutive 12 hour shifts	$78 per 24 hour shift	$539 total for seven consecutive 24 hour shifts

1. All miles per gallon (mpg) are based upon the "combined" city and highway mile estimates as published by the United States Department of Energy/United States Environmental Protection Agency (www.fueleconomy.gov) for the specific make, model, and year vehicle. Where the www.fueleconomy.gov website does not publish the "combined" vehicles estimated mpg, the calculation used will be the published city + highway estimates divided by 2.

2. ~~"Weekly Lease" is the corresponding 12 hour or 24 hour shift rate multiplied by 7 days~~ [Reserved].

3. "Natural Gas" vehicles are those vehicles which use compressed natural gas or liquid natural gas as their primary fuel.

4. The above listed maximum lease rate or "cap" is the maximum lease rate that licensees are allowed to charge lease chauffeurs; however, a lease rate may be negotiated and contracted lower than the maximum listed "cap".

5. Where the vehicle fuel or engine type is not specifically mentioned it means that all other types of vehicles including internal combustion engine (ICE) and hybrid (ICE + electric) vehicles are referenced.

6. The commissioner will categorize each motor vehicle approved by the commissioner for operation as a licensed taxicab into one of the above three (3) tiers in order to clarify the allowable maximum lease rate "caps" for that approved vehicle. The commissioner will revise and post the "Approved Vehicle List" with lease tiers on the department's website.

7. The above-listed maximum lease rates include all charges, including taxes and insurance. Licensees shall not charge any extras or surcharges above the listed maximum lease rates unless such charges are permitted pursuant to rules and regulations promulgated under this chapter.
8. Licensees are responsible to ensure and to pay for needed vehicle repairs and maintenance to ensure the safety of the public chauffeur and the public.

(b) A lessor of a taxicab shall provide a lessee of a taxicab with an accurate and dated receipt ~~detailing the charges for the lease of a taxicab~~ and a completed and fully executed copy of the lease agreement detailing the charges for the lease of a taxicab prior to the delivery of a taxicab. Any lessor who violates this section shall be fined as provided in section 9-112-630 of this Code.

(c) The commissioner by rule may assert additional lease restrictions and terms.

(d) No person shall charge more than the lease rates set forth in this section by entering into consecutive leases with the same driver. No person shall charge more than the 24-hour lease rate by entering into two consecutive 12-hour daily leases with the same driver. No person shall charge more than the 24 hour weekly lease for any 7 consecutive days of a 24-hour daily lease with the same driver. No person shall charge more than the 12 hour weekly lease for any 7 consecutive days of a 12-hour lease with the same driver.

9-112-240 Medallion license only lease agreements.

(a) A medallion license only lease agreement is an agreement where the lessor is the licensee and the lessee has an ownership interest in the vehicle to be used with the license.

(b) Medallion license only leases must be for at least a continuous one-week period.

(c) The maximum weekly lease rate for a medallion license only lease is $275.00 per week for non-wheelchair accessible vehicles; and $350 per week if the medallion is leased for use on a wheelchair accessible vehicle. Lessors shall not charge any extras or surcharges above the listed maximum lease rates in this section unless such charges are permitted pursuant to rules and regulations promulgated under this chapter.

(d) Any lessor who violates this section shall be fined as provided in Section 9-112-630 of this Code.

9-112-410 Advertising signs permitted when.

(Omitted text is unaffected by this ordinance)

(j) In the event that the licensee receives any income from any advertising maintained on or in the vehicle, a ~~percentage~~ portion of such income shall be distributed to any public chauffeur leasing that same vehicle. The commissioner shall promulgate rules governing the amount of distribution ~~percentage~~ and the method of distribution.

9-112-430 License and other taxicab industry license transfers.

(Omitted text is unaffected by this ordinance)

(c) ~~No person shall own in whole or in part, directly or indirectly, or have a security interest in more than 25 percent of, the authorized licenses~~ [Reserved].

(Omitted text is unaffected by this ordinance)

9-112-600 Taxicab rates of fare – Revision.

(Omitted text is unaffected by this ordinance)

(e) For destinations beyond the city limits, the fare is straight meter to the City limits and meter and a half from the City limits to the final destination, except for airport service as specified in ~~9-112-460~~ 9-112-560 of this Code.

(Omitted text is unaffected by this ordinance)

9-112-610 Recordkeeping – Financial reports.

Every person licensed under this chapter shall keep and provide accurate books and records of account of his operations at his place of business in the city for a minimum of three years.

Upon request of the commissioner, licensees must submit requested financial reports or documents within ~~three~~ seven business days, and the commissioner reserves the right to audit the finances and reported data of any licensee.

~~The commissioner may by rule require licensees to file an annual financial report. The commissioner may by rule specify the form, format and deadline for taxicab medallion holders to submit annual financial reports. Such financial reports may include, but are not limited to: a profit and loss statement for the preceding calendar year, showing all his earnings and expenditures for operation, maintenance and repair of property, depreciation expense, premiums paid for workers compensation and public liability insurance, and taxes for unemployment insurance and social security, and all state and local license fees, property taxes and federal income taxes, and a balance sheet taken at the close of said year.~~

The commissioner, or the authorized committee of the city council, shall have access to the property, books, contracts, accounts and records during normal business hours at said place of business, for such information as may be required for the effective administration and enforcement of the provisions of this chapter, or for the adoption of any ordinances, rules or regulations affecting taxicab operations.

9-112-630 Violation – Penalty.

(Omitted text is unaffected by this ordinance)

(c) Any person who violates sections 9-112-220, ~~or section~~ 9-112-230 or 9-112-240 of this Code shall be fined not less than $1,000.00 nor more than $5,000.00 for each offense.

SECTION 4. Chapter 9-112 of the Municipal Code of Chicago is hereby amended by adding new Section 9-112-565, underscored as follows:

9-112-565 Consolidated taxicab electronic dispatch applications.

(a) The commissioner is authorized to select an application or applications for the dispatching of taxicab vehicles. Applications shall be accessible by internet-enabled devices, a digital platform or telephone, or any other method approved by the commissioner. The commissioner is authorized to issue a solicitation, and to select an entity or entities, pursuant to such solicitation, to provide its dispatching service applications to taxicab vehicles. The regulations may also require the designated application providers to maintain and provide to the City verifiable records regarding the reliability of the dispatching service applications in responding to any request for service.

(b) The commissioner is also authorized to require every licensee's taxicabs to use one of the applications designated by the commissioner.

(c) The commissioner may allow the entity providing the application to assess fees, consistent with rules to be promulgated by the commissioner, covering the costs incurred by the entity providing the application in making the application available for use by the taxicabs, drivers and public.

(d) Nothing in this section shall be construed to prohibit a licensee from being affiliated with or dispatched by another two-way dispatch system in addition to the applications designated in subsection (a) above.

(e) The commissioner is authorized to adopt rules and regulations for the proper administration of this section.

SECTION 5. Chapter 9-114 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows:

9-114-040 Qualifications for license.

(Omitted text is unaffected by this ordinance)

(d) The total number of licenses that each licensee holds will be based on the total licenses in each corporation, or legal entity, in which the licensee holds a 25 percent or greater share of ownership interest including, but not limited to, stocks and shares. No person shall own in whole or in part, directly or indirectly, or have a security interest in more than 25 percent of, the authorized licenses issued under Chapters 9-112 and 9-114.

SECTION 6. The Mayor of the City of Chicago ("City") is hereby authorized to create a taxicab driver fairness task force consisting of, in addition to such other individuals as the Mayor may select, designees from the Department of Business Affairs and Consumer Protection and taxicab drivers. The task force shall review the city's current laws that regulate taxicab drivers and other pertinent issues with a view towards recommending changes to create and implement new laws, policies, and procedures towards fairness on how taxicab drivers are regulated. The Taxicab Driver Fairness Task Force shall make its initial recommendations for such changes to the Mayor no later than 90 days after the effective date of this ordinance, and shall make additional recommendations from time to time, as appropriate, thereafter. The task force that will be convened pursuant to this section is not part of the City's organizational structure, its members are informally appointed, and it shall conduct its proceedings informally without

governing bylaws. The task force's recommendations shall not bind the City. The members of the task force shall not receive compensation from the City for serving on the task force.

SECTION 7. This ordinance shall be effective 10 days after passage and publication.

RULE TX7.09 **City of Chicago Taxicab Medallion Only Leases for WAV Taxicabs**
Reserved

SECTION VIII. PUBLIC CHAUFFEURS

RULE TX8.01 **Valid Licenses Required**

Pursuant to MCC §9-112-260 and MCC §9-112-200, medallion licensees must ascertain that any driver of its licensed taxicab has in his or her possession:

1. A current and valid driver's license issued by the State of Illinois or another state and
2. A current and valid City of Chicago Public Chauffeur's License for taxicab drivers.

RULE TX8.02 **Screening Public Chauffeurs**

a. Pursuant to MCC §9-112-040 and MCC §9-112-200, medallion licensees are responsible for screening public chauffeurs before they lease to or allow the public chauffeur to operate their taxicab.

b. In order to facilitate dissemination of information of public chauffeur complaints and status (e.g. active, revoked, suspended, denied, etc.), the Department will post lists of public chauffeurs currently suspended, denied, or revoked on its Web site. The Department will also post lists of public chauffeurs with multiple complaints on its Web site.

RULE TX8.03 **Duty to Maintain Public Chauffeur Records**

Medallion licensees must maintain for a minimum three (3) year period records of the name and number of the public chauffeurs operating its taxicabs on any given date, time, and location. In compliance with MCC §9-112-210, such records must be made available to the Commissioner upon request.

SECTION IX. LEASED VEHICLES AND LEASE AGREEMENTS

RULE TX9.01 **Uniform Taxicab Lease Agreement**

a. Any medallion licensee that leases its taxicab vehicle must use the Uniform Taxicab Lease Agreement identified as "City of Chicago Uniform Taxicab Lease Agreement" and attached to these rules and regulations as Exhibit "A". Any medallion licensee that uses any other form of lease or written or oral agreement may be subject to license revocation.

b. Medallion licensee may convert or adapt the attached "City of Chicago Uniform Taxicab Lease Agreement" into an electronic or digital format. Licensee may not change or alter the content or order structure set forth in the attached "City of Chicago Uniform Taxicab Lease Agreement".

c. Medallion licensees must submit for Department approval their electronic or digital format version of the "City of Chicago Uniform Taxicab Lease Agreement" prior to implementation and use.

d. Medallion licensee may insert a photograph or digital image of the public chauffeur medallion licensee on to the "City of Chicago Uniform Taxicab Lease Agreement".

RULE TX9.02 Twelve (12) Hour Weekly Lease Agreements

A twelve (12) hour weekly lease agreement must be for the same twelve (12) hour shift on each consecutive seven days of the lease. For example, a twelve hour weekly lease agreement may be for the identical shift of 6:00am to 6:00pm on each consecutive day of the week. A twelve (12) hour weekly lease agreement may not be used for varying shift times on consecutive days of the week. Twelve (12) hour daily lease agreements may be used to accommodate shift variances on consecutive days of the week. A Uniform Taxicab Lease Agreement for a twelve (12) hour weekly lease must indicate the single consistent shift timings that will be covered on each consecutive day of that week.

RULE TX9.03 Taxicab Lease Agreement Overcharges and/or Omissions

a. Medallion licensee may not enter into written or oral agreements that exceed the maximum lease rates specified in MCC §9-112-220, MCC §9-112-230, and MCC §9-112-240.

b. Medallion licensees may not include on the "City of Chicago Uniform Taxicab Lease Agreement" or charge to the public chauffeur lessee extra charges including; but not limited to,

vehicle maintenance repair costs, or costs for the administration of the lease or any bond/security deposit monies. Medallion licensees may not include on the "City of Chicago Uniform Taxicab Lease Agreement" charges for supplemental liability coverage or collision damage insurance coverage.

RULE TX9.04 **Taxicab Lease Agreement Written and Real-Time Records**

a. Medallion licensees shall keep accurate records of the taxicab lease agreements between them and each public chauffeur lessee assigned to drive and operate its taxicab for a minimum of three (3) years.

b. Medallion licensees shall provide to the Commissioner, within three (3) days of request, copies of requested taxicab lease agreement records.

c. Pursuant to MCC §9-112-210, starting January 1, 2013, all licenses must maintain real-time data on the name and number of the chauffeur operating its taxicabs on any given date, time, and location. Starting January 1, 2013, all medallion licensees must enable the Department access to real-time data on the name and number of the chauffeur leasing or operating a specific taxicab cab and the location of that taxicab via internet web access in real-time and with a history spanning twelve (12) months. Medallion licensees are responsible for the storage of history starting January 1, 2013 and beyond.

RULE TX9.05 **Taxicab Lease Agreements Must Be Tendered to the Lessee**

At the time of execution, medallion licensees must provide a copy of the executed "City of Chicago Uniform Taxicab Lease Agreement" to the public chauffeur to whom the vehicle has been leased.

RULE TX9.06 **Public Chauffeur Lessee to be Sole Driver**

Medallion licensee must have processes in place to ensure that the public chauffeur listed as the lessee during the time specified on the "City of Chicago Uniform Taxicab Lease Agreement" is the sole driver of the leased vehicle. Any medallion licensee that permits a driver to operate its taxicab without a valid executed "City of Chicago Uniform Taxicab Lease Agreement" is subject to license revocation.

RULE TX9.07 **Bonds and Security Deposits**

a. Lessor medallion licensees may require a public chauffeur lessee to post a bond or security deposit.

b. The bond / security deposit may not exceed a deposit balance of $500.00.

c. A lessor medallion licensee may deduct or be reimbursed from the public chauffeur bond / security deposit balance for only the following listed items:
   1. Any unpaid yet owing charges for executed lease agreements or late fees;
   2. Any collision damage to a vehicle that occurred during the term of the lease agreement that is not covered by insurance;
   3. Any intentional damage done to the vehicle or its equipment by the lessee;
   4. Any administrative, parking or red-light camera citation fines actually paid by the lessor medallion licensee to the City for lessee's actions.

d. Medallion licensees may not charge for any administrative charges relating to the cost of administering the bond / security deposit money.

e. Medallion licensee lessors must document all payments received towards the bond / security deposit by a written receipt.

f. Medallion licensee lessors must itemize, document and support any deductions made from the bond / security deposit balance. Medallion licensee lessors must present to public chauffeur lessees statements of deductions upon request of the lessee chauffeur or the Department.

g. Medallion licensee lessors must refund to the public chauffeur lessee any outstanding balance in the bond / security deposit within sixty (60) days following the last day for which the parties had a taxicab lease agreement. If the medallion licensee lessor deducts monies for allowable deductions or reimbursements as described above from the bond / security deposit, the medallion licensee lessor must provide to the public chauffeur lessee a written itemized statement listing the amount and the type of allowable deductions and reimbursements. Medallion licensee lessor must be able to support the deductions and reimbursements with documentation.

h. Medallion licensees must maintain copies of bond / security deposit deduction statements for a minimum of three (3) years. Medallion licensees shall provide to the Commissioner, within three (3) business days of request, copies of requested bond / security deposit deduction statements.

RULE TX9.08 **Collision Damage Waiver and Supplemental Liability Insurance**

At public chauffeur lessee's written consent, a medallion licensee may enter into a written agreement, outside of the Uniform Taxicab Lease Agreement, to offer and charge the public chauffeur lessee for collision damage waiver or supplemental liability insurance. The charges must be based on reasonable costs actually incurred for such coverage. Medallion licensee lessors must document all payments received towards such coverage by a written receipt.

RULE TX9.09 **Late Fees**

A medallion licensee lessor may charge a public chauffeur lessee a maximum late fee of $15.00 per hour for failing to return the taxicab vehicle on a timely basis as specified in the term of the lease in the "City of Chicago Uniform Taxicab Lease Agreement". Medallion licensee lessors must document all late fee payments received by a written receipt.

RULE TX9.10 **Breakdown of Leased Taxicab Vehicle**

If during the term of a lease, the leased taxicab vehicle breaks down or becomes not operational through no fault of the public chauffeur lessee, the medallion licensee lessor shall refund the balance of the remaining term of the lease if the medallion licensee lessor is not able to immediately provide a replacement taxicab vehicle to public chauffeur lessee to continue the lease agreement.

RULE TX9.11 **Written Receipts**

a. Medallion licensee lessors must provide to public chauffeur lessee written receipts for any monies received by the medallion licensee lessor at the time the money is received. On the written receipt, medallion licensee lessor must list the public chauffeur's name and chauffeur license number; the date the money is received, the amount of the money received, the purpose of the payment (late fee, bond, etc.), and the form of payment (cash, check, money order, etc.).

b. Medallion licensee lessors must maintain copies of all written receipts for a minimum of three (3) years. Medallion licensee lessor shall provide to the Commissioner, within three (3) business days of request, copies of requested written receipts.

RULE TX9.12 Written Policies and Contracts

a. Medallion licensees may use documents other than the "City of Chicago Uniform Taxicab Lease Agreement" in order to clarify its business polices or contractual relationship with the public chauffeur lessee. Such documents must be approved by the Commissioner.

b. All such documents must be in compliance with all Federal, State, and City laws.

c. Medallion licensees may request public chauffeur lessees to acknowledge, in writing, receipt of documents that outline the medallion licensee's business and taxicab vehicle use polices.

d. Medallion licensees may request public chauffeur lessees to enter into contracts which outline the contractual relationship and obligations between both parties.

e. Medallion licensees must maintain copies of the above described documents for a minimum of three (3) years. Medallion licensees shall provide to the Commissioner, within three (3) business days of request, copies of requested documents.

RULE TX9.13 Monitoring Consecutive Hours of Public Chauffeur's Operation of Taxicab

a. Pursuant to MCC §9-112-250, medallion licensee lessors that enter into a lease agreement with public chauffeur lessees for a time frame greater than twelve (12) consecutive hours, must have polices in place to monitor the continuous length of time the public chauffeur lessee is operating and driving its leased taxicab.

b. Refusal to grant a twenty-four (24) hour lease shall not be considered compliance with this rule.

c. Medallion licensees may use taximeter and credit card processing activity and GPS data to monitor whether a public

chauffeur operating its taxicab is operating and driving a taxicab more than twelve (12) consecutive hours.

RULE TX9.14 **Taxicab Medallion License Only Lease Agreements**

Pursuant to MCC §9-112-240, a medallion licensee may only enter into a taxicab medallion only lease agreement with a public chauffeur that meets both of the following requirements: (1) the public chauffeur must have a current ownership interest in the vehicle that will be used with the medallion license as a taxicab and (2) the public chauffeur will be driving the taxicab. A taxicab medallion only lease agreement must be for one taxicab medallion license and a single public chauffeur. Medallion licensees may not enter into a taxicab medallion only lease agreement with one person for multiple taxicab medallion licenses.

RULE TX9.15 **Payments from a Public Chauffeur**

A public chauffeur may pay lease fees or other fees by credit card, debit card, or other legal method of payment, other than a personal check. Medallion licensees shall post their personal check acceptance polices conspicuously. It shall be a violation of this rule for any lessor to require that a lease payment or other payment be made in cash.

RULE TX9.16 **Section IX Violations**

Any violation of RULES TX9.01 through TX9.15 of these rules and regulations may subject the medallion licensee to revocation of its medallion license or licenses.

SECTION X. TAXICAB AFFILIATIONS AND MEDALLION LICENSE MANAGERS

RULE TX10.01 **Taxicab Affiliation Membership**

Any medallion licensee who is an affiliate of a registered taxicab affiliation must have all of its taxicabs affiliated with the same taxicab affiliation.

RULE TX10.02 **Cooperation with Affiliations and Medallion License Managers**

Every medallion licensee who is a member of an affiliation or has contracted the services of a taxicab medallion license manager shall cooperate with such affiliation or taxicab medallion license manager

by promptly providing such documents and information as required of the medallion licensee in order to enable the affiliation/taxicab license manager to meet its obligations under MCC Chapters 2-25 and 9-112, applicable rules and regulations, and other applicable law.

RULE TX10.03 Change of Affiliation

a. Medallion licensees must notify the Department on a form prescribed by the Commissioner when it changes its legal relationship with a licensed taxicab affiliation.

b. Pursuant to MCC §9-112-340, medallion licensees must pay a $25.00 change of affiliation processing fee per taxicab medallion license and submit the taxicab vehicle to an inspection.

RULE TX10.04 Change of Taxicab Medallion License Manager

Medallion licensees must notify the Department on a form prescribed by the Commissioner when it changes its legal relationship with a licensed taxicab medallion license manager and submit any documents or contracts that relate to the change in legal relationship as requested by the Commissioner.

SECTION XI. ADVERTISING

RULE TX11.01 Advertising and Taxicabs

a. No medallion licensee shall permit its taxicab to display any advertising sign or device without a permit approved and issued by the Department.

b. A medallion licensee must be in full compliance with all City laws and must pay for the advertising permit before an advertising permit will be approved and issued.

c. A medallion licensee may apply for and receive advertising permits for both exterior advertising displays and interior video display screens for the same taxicab vehicle.

d. Medallion licensees may not transfer or assign approved and issued advertising permits neither to other medallion licensees nor to other taxicab vehicles.

CITY OF CHICAGO UNIFORM TAXICAB LEASE AGREEMENT
FOR TAXICAB MEDALLION LICENSE NUMBER: TX

THIS DOCUMENT MUST BE KEPT IN VEHICLE AT ALL TIMES (Page 1 of 2)

Lease Type

☐ 12 Hour Daily Lease ☐ 12 Hour Weekly Lease* (See Below)
☐ 24 Hour Daily Lease ☐ 24 Hour Weekly Lease ☐ Medallion License Only Lease

Lease Term

FROM _____ at _____ AM / PM **TO** _____ at _____ AM / PM
Start Date (MM/DD/YEAR) Time (HH:MM) End Date (MM/DD/YEAR) Time (HH:MM)

*12 HOUR WEEKLY Lease **Daily Shift:** _____ AM / PM **TO** _____ AM / PM
Start Time (HH:MM) End Time (HH:MM)

Lessee/Public Chauffeur:

CF#

Print First Name & Last Name — Phone Number with Area Code

Lessee's Signature — Date Signed (MM/DD/YYYY)

Taxicab Vehicle Information

Make — Model — Year — Affiliation

Fuel Source: ☐ Gasoline ☐ Hybrid ☐ CNG ☐ Other_____ WAV: ☐ Yes ☐ No

Taxicab Lease Amount and Lessee's Worker's Comp. Insurance Contribution

LEASE RATE TIER NUMBER		TOTAL LEASE AMOUNT	$	LESSEE'S WORKER'S COMP. INS. PAYMENT	$

Lessor Information

I certify that all the information on this lease is true, correct, and accurately reports the terms and conditions of the full taxicab lease agreement in compliance with the Municipal Code of Chicago and applicable rules and regulations.

Print First Name & Last Name of Person Signing on behalf of Lessor — Title/Relationship to Medallion License

Signature of Above Listed Person — Date Signed (MM/DD/YYYY)

Lessor Medallion Licensee/Management Company Name — 24-Hour Phone Number with Area Code

v.01.05.2015

CITY OF CHICAGO UNIFORM TAXICAB LEASE AGREEMENT

THIS DOCUMENT MUST BE KEPT IN VEHICLE AT ALL TIMES (Page 2 of 2)

The information on this page is provided as quick reference and does not contain all taxicab lease agreement information. For complete information, please refer to the Municipal Code of Chicago (www.amlegal.com) and the rules and regulations governing City of Chicago licensed taxicabs and the public vehicle industry (www.cityofchicago.org/bacp).

► Lessee chauffeurs should know **the tier** and **the age** of the taxicab vehicle they lease. For a list of approved taxicab vehicles classified by **tier** number, please visit www.cityofchicago.org/bacp.

► "Vehicle Age" is the age of a vehicle computed by totaling the number of years in between and including both the calendar year and the model year. (Example: in the calendar year 2015, model year 2015 = 1 year; model 2014 = 2 years; model 2013 = 3 years; and model 2012 = 4 years.)

►The following lease rate structures are **effective February 1, 2015**:

MCC §9-112-230 - Tiered Lease Rate Structure and applicable lease rate caps

Tier 1 Vehicles (MPG ≥ 36 OR CNG MPG ≥ 21)	**12 Hour Daily Maximum Lease Rate**	**12 Hour Weekly Maximum Lease Rate**	**24 Hour Daily Maximum Lease Rate**	**24 Hour Weekly Maximum Lease Rate**
Vehicle Age ≤ 1 year	$72 per 12-hr shift	$504 per week	$99 per 24-hr shift	$693 per week
Vehicle Age between 1 year and less than or equal to 2 years	$71 per 12-hr shift	$497 per week	$95 per 24-hr shift	$665 per week
Allowable Vehicle Age > 2 years	$59 per 12-hr shift	$413 per week	$85 per 24-hr shift	$595 per week
Tier 2 Vehicles (MPG ≥ 25 & ≤ 35 OR CNG MPG ≤ 20)	**12 Hour Daily Maximum Lease Rate**	**12 Hour Weekly Maximum Lease Rate**	**24 Hour Daily Maximum Lease Rate**	**24 Hour Weekly Maximum Lease Rate**
Vehicle Age ≤ 1 year	$69 per 12-hr shift	$483 per week	$93 per 24-hr shift	$651 per week
Vehicle Age between 1 year and less than or equal to 2 years	$59 per 12-hr shift	$413 per week	$85 per 24-hr shift	$595 per week
Allowable Vehicle Age > 2 years	$54 per 12-hr shift	$363 per week	$78 per 24-hr shift	$539 per week
Tier 3 Vehicles (MPG ≤ 24)	**12 Hour Daily Maximum Lease Rate**	**12 Hour Weekly Maximum Lease Rate**	**24 Hour Daily Maximum Lease Rate**	**24 Hour Weekly Maximum Lease Rate**
Any allowable vehicle age	$54 per 12-hr shift	$363 per week	$78 per 24-hr shift	$539 per week

► The above listed maximum lease rates do not include permissible additional charges for security deposits, bonds, optional collision damage waiver and optional supplemental liability insurance.

► If a Medallion Only Lease, write "MO" in the "Lease Rate Tier Number" box on Page 1 of this form. MCC §9-112-240 – A Medallion License Only Lease Agreement is $275 per week for use on a non-wheelchair accessible vehicle OR $350 per week if the medallion is for use on a wheelchair accessible vehicle.

► MCC §9-112-600 - Taxicab rates of fare – Lessee chauffeurs pay a maximum per day of $4.50 towards worker's compensation insurance coverage.

► MCC §9-112-180 and §9-112-190 - Medallion owners, managers, and affiliations are prohibited from using discriminatory or retaliatory practices towards public chauffeurs.

City of Chicago • Department of Business Affairs and Consumer Protection
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City of Seattle

Edward B. Murray, Mayor

Finance and Administrative Services

Fred Podesta, Director

Applicant:	Page:	Supersedes:
City of Seattle	1 of 5	11/15/2012
Department of Finance and Administrative Services	Publication: 10/16/2014	Effective: 11/12/2014

Director's Rule:	Code and Section Reference:
R-6.310.315 Taxicab Vehicle Lease	SMC 6.310.315
	Type of Rule: Amended to authorize a Wheelchair Accessible Services Fund surcharge on the lease amount and establish a cap
	Ordinance Authority: SMC 3.02.060

Approved:

Fred Podesta — 11/6/2014

Fred Podesta, Director — Date

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Rule R-6.310.315
Taxicab Vehicle Lease

1. **Written Lease Agreement**. All taxicab lessors must file a notarized "Taxicab Lease Summary Sheet" with the Director for each lessee. The lessor must provide a signed copy of this form to the lessee when it has been filed and accepted by the Director. All taxicab vehicle lease agreements must be in writing and include, at a minimum, the following information:

(1) **Lessor and lessee names and signatures**. Lessor and lessee full names must be shown. Lessor and lessee signatures must be properly notarized. The lessor must be the taxicab licensee(s). The lessee must hold a valid for-hire driver license and the lessee's for-hire driver license number and license expiration date must be indicated. The lessor must give a signed copy of this written lease agreement to the lessee at the time that it is been signed and notarized.

(2) **Lease period**. The lease period shall not exceed one (1) year , provided, however, that the lease period shall not exceed two (2) years for any written lease agreement under which a lease driver drives multiple taxicabs on an irregular basis for the same lessor or for a single taxicab co-operative. The lease period start and end dates/times shall be specified.

(3) **Lease Payment Period**. The lease payment period shall be specified as per shift, weekly, or monthly. An exception is allowed for lease drivers who drive multiple taxicabs on an irregular basis for the same licensee or a single taxicab co- operative. When the exception is applicable, the lease shall specify a per shift lease payment period. The sum of the lease payments for one week, charged to a driver on a per shift lease payment period, shall not exceed the weekly lease cap. Improper use of the per shift lease payment period or the exception for drivers of multiple taxicabs with irregular shifts shall be considered lease cap violations pursuant to SMC 6.310.315D (Class C monetary penalty and taxicab license suspension or revocation).

(4) **Shift and Shift Start/End Times**. The shift and shift start/end times must be specified, e.g., day shift, 4:00 a.m.-4:00 p.m. An exception is allowed for lease drivers who drive multiple taxicabs on an irregular basis for the same licensee or a single taxicab co-operative. For these drivers, a single written lease agreement may be used. This lease shall omit the shift and shift start/end times and, instead, shall indicate "various." This lease shall specify a per shift lease payment period. The Director may require the lessor to submit evidence to support this exception and may determine that the exception isn't appropriate. Single shift leases shall indicate "single shift" instead of "day" or "night" shift.

(5) **Lease amount**. The lease amount cannot exceed the lease caps (maximums) established by this rule. Lease rates must be specified for standard lease payment periods, i.e., per shift, weekly or monthly. Lease drivers who drive multiple taxicabs on an irregular basis for the same licensee or a single taxicab co-operative shall have a per shift lease payment period. The sum of the lease payments for one week, charged to a driver on a per

shift lease payment period, shall not exceed the weekly lease cap. No other charges of any kind may be assessed against the lessee except that a "green vehicle" surcharge and a "Wheelchair Accessible Services Fund" surcharge may be authorized by the Director in this rule.

(6) **Written Receipts**. Original written receipts shall be provided to the lessee by the lessor for all lease payments paid in cash or by money order. The receipt shall indicate, at a minimum, the date, lessor, lessee, taxicab name and number, lease payment period, and amount paid. Written receipts shall also include the signature of the lessor.

(7) **Other Terms and Conditions**. The lease shall not provide that the lessee drive in excess of the maximum hours per day specified at SMC 6.310.455.G. A lessee shall not be required to pay a vehicle damage deposit or pay for vehicle collision repairs. The conditions under which a lease is terminated shall be clearly listed. The taxicab name and number, vehicle model year, make and model, and fuel (e.g., gasoline, hybrid, compressed natural gas (CNG), biodiesel) shall be specified. The lease amount shall be reduced proportionately for any amount of time that the taxicab is unavailable for use by the lease driver.

(8) **Filing "Taxicab Lease Summary Sheet"**. The lessor is required to file, with the city, the original "Taxicab Lease Summary Sheet," on a multi-part form approved by the Director, within five (5) days of the lease effective date. The lessor and lessee shall each keep one copy of the form. The "Taxicab Lease Summary Sheet" form shall include the information described in (1)-(7) above. The lessor shall certify that the information on the "Taxicab Lease Summary Sheet" form accurately reflects the terms and conditions of the full lease agreement and that the lease is in full compliance with this rule and SMC 6.310.315. The signatures of both the lessor and lessee are required and must be notarized.

2. **Lease Caps**. The maximum lease (i.e., lease cap) that may be charged to lease a taxicab shall not exceed the amount specified below. A lease cap surcharge may be authorized by the Director for "green vehicles" as defined in rule pursuant to SMC 6.310.320.N.

(1) **Shift**. The maximum taxicab lease that may be charged to a lease driver is $85 per shift if the taxicab is leased on a per shift lease payment period. This lease cap shall be for one 12- hour shift. Lease drivers who drive multiple taxicabs on an irregular basis for the same licensee or a single taxicab co-operative shall have a per shift lease payment period. The sum of the lease payments for one week, charged to a driver on a per shift lease payment period, shall not exceed the weekly lease cap.

(2) **Week**. The maximum taxicab lease that may be charged to a lease driver is $475per week if the taxicab is leased on a per week lease payment period. This lease cap shall be for one 12-hour shift per day for a calendar week of seven days.

(3) **Month**. The maximum taxicab lease that may be charged to a lease driver is $1,900per month if the taxicab is leased on a per month lease payment period. A month shall be a calendar month of 28-31 days.

(4) **Single shift**. The maximum lease that may be charged for a taxicab that is single shifted, i.e., leased by one driver, shall not exceed twice the maximum taxicab lease per shift, per week, or per month specified above. A lease driver who enters into a single shift taxicab lease shall not sublease the taxicab as provided by SMC 6.310.315E.

(5) **"Green Vehicle" Surcharge**. A licensee may demand a surcharge, not to exceed $15 per shift, $105 per week, or $420 per month more than the lease cap specified in this rule, if the taxicab licensee voluntarily places a green vehicle into service that is not more than 4 model years old. The green vehicle may be retained in service until it is 10 model years old providing that it passes annual safety inspections by approved ASE-certified technicians. A "green vehicle," for the purpose of this lease cap surcharge, is any motor vehicle that meets the provisions of Rule R-6.310.320.N that has the following propulsion: electric, gasoline-electric hybrid, compressed natural gas (CNG), propane (liquified petroleum gas), fuel cell, or clean diesel (ultra low sulfur) as defined by the Environmental Protection Agency.

(6) **"Wheelchair Accessible Services Fund" Surcharge**. A taxicab licensee may collect $0.10 per trip from all drivers based on actual trip records kept pursuant to SMC 6.310.540.E, or, alternatively, the taxicab licensee may demand a surcharge, not to exceed $0.10 per trip, $1.60 per shift, $9.10 per week, or $39.50 per month for the first year of implementation (November 12, 2014 – November 11, 2015). Subsequent years' surcharge will be based on actual revenue trips as reported by each company pursuant to SMC 6.310.540 and/or taximeter statistics and will be provided on a schedule provided by the Consumer Protection Unit of the City of Seattle. These surcharges will pass through $0.10 per trip from the driver to the taxicab owner and subsequently to the taxicab association who will remit it to the City of Seattle. The surcharge monies shall be deposited in a dedicated Wheelchair Accessible Services Fund for disbursement to wheelchair accessible taxicab (WAT) owners and drivers pursuant to rule. The Director can increase or decrease this surcharge based on factors outlined by SMC 6.310.175.B and C. Inability to collect from a driver or owner does not release the association's obligation to pay the WAS surcharge.

(7) **Workers' Compensation and Retail Sales Tax**. The lessor shall not add to the lease amount or otherwise charge the lessee for any amounts that the lessor is responsible for with respect to Workers' Compensation industrial insurance premiums to the Washington Department of Labor and Industries and retail sales tax on taxicab lease amounts due to the Washington Department of Revenue.

(8) **Lease Cap Adjustments**. The Director may increase the lease cap if average taxicab licensee costs increase significantly. Any taxicab licensee may request a special review of lease caps if a significant increase in industry-wide costs can be documented. Lease caps shall be reviewed every even year (e.g., 2010) by September 1, and lease caps shall be adjusted as necessary. Lease caps shall be reviewed whenever the taximeter rate is changed.

(9) **Multiple Leases**. The applicable lease cap specified under this rule applies to the total lease amount that may be charged for leasing a taxicab regardless of whether the taxicab is licensed by more than one local government. A Seattle taxicab licensee shall not demand any lease amount that exceeds the applicable lease cap specified in this rule by requiring a

lessee to enter into multiple leases when the Seattle taxicab has other taxicab licenses issued by other local governments. The taxicab leases permitted by this rule apply to the lease of taxicab vehicles only. Taxicab licenses issued under SMC Chapter 6.310 may not be subleased by a lessee.

(10) **Termination of Leases**. A lessor may only terminate a lease for the reasons specified in the written lease agreement. A lease shall not be terminated for any other reason without written concurrence of both the lessor and the lessee. A lessor shall not terminate a lease before the end date specified in the written lease agreement, even with advance notice to the lessee, without written concurrence of both the lessor and the lessee. Any such termination of a lease agreement shall be in writing and signed, and all signatures shall be notarized

§58-21 Leasing a Taxicab or Medallion

(a) An n Owner can lease a Taxicab (or a Medallion-only) to a Licensed Taxicab Driver, or to Licensed Drivers working different shifts or days if the Owner complies with the provision of this section.

(1) Regardless of the terms of the lease, the Owner is responsible for complying with all laws, rules and regulations governing Owners.

(2) An Owner must not authorize or allow a lessee of a Taxicab under sections 58-21(c)(1) or 58-21(c)(2) of these Rules to sublease the Taxicab to another party.

§58-21(a)	Fine: $75-$150 for the first violation, $150-$300 for a second violation , $300-$500 for a third violation within 24 months, and Suspension until compliance	Appearance REQUIRED

(b) *Service and Maintenance of Leased Taxicab Vehicles.*

(1) Service and maintenance of a leased Taxicab (including the vehicle) under sections 58021(c)(1) and (c)(2) is the responsibility of the Owner/lessor, and the cost of the service and maintenance of the Vehicle cannot be charged to the Driver/lessee.

(2) The lease of a Medallion-only under Section 58-21(c)(3) or a lease under Section 58-21(c)(4) does not include, and does not require, the Medallion Owner/lessor to provide service and maintenance of the vehicle.

(3) A Medallion-only lessor under Section 58-21(c)(3) or a lessor under Section 58-21(c)(4) must not require the lessee to obtain service and maintenance from any particular provider, including, but not limited to, the Medallion Owner or any agent of the Medallion Owner. A Medallion lessor or Agent who provides services or accommodations outside the lease to a leasing driver must keep records of all transactions with that driver and such records must be available for inspection by the Chairperson

§ 58-21(b)	First violation $500 Second and subsequent violations: $1000 and/or suspension of the Medallion for up to 30 days. In addition to the penalty payable to the Commission, the administrative law judge may order the	Appearance REQUIRED

	owner to pay restitution to the driver, equal to the excess that was charged to the driver.	

(c) *Rate Rules.*

(1) *Standard Lease Cap Rates.* An Owner of a Taxicab can charge a lease rate to a Driver that is not greater than the following Standard Lease Caps:

(i) The Standard Lease Cap for a Medallion and vehicle for one shift will not exceed:

A. $105, for all 12-hour day shifts

B. $115, for the 12-hour night shift on Sunday, Monday and Tuesday

C. $120, for the 12-hour night shift on Wednesday

D. $129, for the 12-hour night shifts on Thursday, Friday and Saturday

E. $630, for any one-week day shift for one week or longer

F. $737 for any one week night shift for one week or longer.

(ii) Except for a driver who meets all of the following:

(A) the driver pays for the lease on a daily or shift basis and is not required to pay for more than one shift in advance;
(B) the driver is required to return the vehicle to the owner or operator's business premises or other mutually agreed upon location at the conclusion of each shift; and
(C) the driver is not required to pay for any shift for which he provides the owner or operator with timely notice that he will not lease the vehicle, so the owner can lease the vehicle to another daily shift driverNo driver leasing a medallion and vehicle under this paragraph 58-21(c)(1)(i) can be charged more than a total of

A. $630 for six or more day shifts in any seven consecutive day period

B. $737 for six or more evening shifts or combination of day and evening shifts in any seven consecutive day period.

C. A Driver who meets all the requirements of (ii)(A)-(C) can be charged for seven shifts if the Driver leases seven shifts.

(iii) The lease of a medallion and vehicle under this paragraph 58-21(c)(1) includes service and maintenance. Service and maintenance of the vehicle is the responsibility of the lessor and the lessor and his or her Agent must not charge the lessee for service and maintenance costs for the vehicle.

(iv) The lessee of a medallion and vehicle under this paragraph 58-21(c)(1) is not responsible for payment of any Commercial Motor Vehicle Tax.

(v) For a driver with a weekly lease under 58-21(c)(1)(i)(E) or 58-21(c)(1)(i)(F), if the vehicle is unavailable for use for any reason that is not the lessee's responsibility during any part of any week, the payment of the Lease Cap must be pro-rated.

(vi) For a driver with a weekly lease under 58-21(c)(1)(i)(E) or 58-21(c)(1)(i)(F), the lease includes costs for collision and other damage coverage, including repairs of physical damage to the vehicle, except that it shall not be considered an overcharge prohibited under these Rules if the Owner of a Taxicab or his or her Agent and the driver agree in writing that the driver will make payments for damage to the vehicle caused by the driver's negligence and such agreement will remain in effect for only so long as the driver is leasing a medallion from the Owner or the Agent, provided that the lease contains language informing the driver that he or she will be responsible for physical damage to the vehicle caused by his or her negligence if such damage was in fact caused by the negligence of the driver. If the Owner receives compensation for damages to the vehicle incurred from an entity other than the driver, any amount previously paid by the driver as compensation for damages, must be refunded to the driver.

(2) *Cost Adjustments for the Lease of Hybrid Electric and Diesel-Fueled Vehicles.*

(i) The Standard Lease Cap for Hybrid Electric Taxicabs and Diesel-Fueled Taxicabs that are hacked-up under §§67-05 of these Rules or other applicable provisions of these Rules and that meet the

requirements of Section 19-533 of the Administrative Code are raised by $3 per shift ($21 per week), so that the lease amount for one shift must not now exceed:

A. $108 for all 12-hour day shifts

B. $118, for the 12-hour night shift on Sunday, Monday and Tuesday

C. $123, for the 12-hour night shift on Wednesday

D. $132, for the 12-hour night shifts on Thursday, Friday and Saturday

E. $648, for any one-week day shift for one week or longer

F. $755 for any one week night shift for one week or longer.

(ii) Except for a driver who meets all of the following:

(A) the driver pays for the lease on a daily or shift basis and is not required to pay for more than one shift in advance;

(B) the driver is required to return the vehicle to the owner or operator's business premises or other mutually agreed upon location at the conclusion of each shift; and

(C) the driver is not required to pay for any shift for which he provides the owner or operator with timely notice that he will not lease the vehicle, so the owner can lease the vehicle to another daily shift driver, no driver leasing a medallion and vehicle under this paragraph 58-21(c)(2) can be charged more than a total of

A. $648 for six or more day shifts in any seven consecutive day period

B. $755 for six or more evening shifts or combination of day and evening shifts in any seven consecutive day period.

C. A Driver who meets all the requirements of (ii)(A)-(C) can be charged for seven shifts if the Driver leases seven shifts.

(iii) The lease of a medallion and vehicle under this paragraph 58-21(c)(2) includes service and maintenance. Service and maintenance of the vehicle is the responsibility of the lessor and

the lessor and his or her Agent must not charge the lessee for service and maintenance costs for the vehicle.

(iv) The lessee of a medallion and vehicle under this paragraph 58-21(c)(2) is not responsible for payment of any Commercial Motor Vehicle Tax.

(v) For a driver with a weekly lease under 58-21(c)(2)(i)(E) or 58-21(c)(2)(i)(F), if the vehicle is unavailable for use for any reason that is not the lessee's responsibility during any part of any week, the payment of the Lease Cap must be pro-rated.

(vi) For a driver with a weekly lease under 58-21(c)(2)(i)(E) or 58-21(c)(2)(i)(F), the lease includes costs for collision and other damage coverage, including repairs of physical damage to the vehicle, except that it shall not be considered an overcharge prohibited under these Rules if the Owner of a Taxicab or his or her Agent and the driver agree in writing that the driver will make payments for damage to the vehicle caused by the driver's negligence and such agreement will remain in effect for only so long as the driver is leasing a medallion from the Owner or the Agent, provided that the lease contains language informing the driver that he or she will be responsible for physical damage to the vehicle caused by his or her negligence if such damage was in fact caused by the negligence of the driver. If the Owner receives compensation for damages to the vehicle incurred from an entity other than the driver, any amount previously paid by the driver as compensation for damages, must be refunded to the driver.

(3) *The Standard Lease Cap*:

(i) For a *Medallion-only* Hybrid Taxicab, Hacked-up under §§67-05 or other applicable provisions of these Rules that meet the requirements of Section 19-533 of the Administrative Code is $994 weekly.

(ii) For all other *Medallion-only* Taxicabs, (including Accessible Taxicabs), is $952.

(iii) For all *Medallion-only* Taxicabs (including Accessible Taxicabs) with vehicles that are placed into service on or after the OTV Activation Date and which vehicles are either Official Taxicab Vehicles or Accessible Taxicabs, is $1114 weekly.

(iv) A medallion lessor or Agent of a lessor must not require a medallion lessee to obtain service, repairs or maintenance of the vehicle from any particular provider, including, but not limited to, a lessor or an Agent of a lessor.

(v) A lease, and payment of the Lease Cap under this paragraph includes (and all of the following must be provided to the lessee):

A. Use of the medallion;

B. All applicable TLC fees except for TLC vehicle inspection fees (but the lessor is not required to provide vehicle registration or payment of the Commercial Motor Vehicle Tax);

C. Insurance required by Section 58-13;

D. Credit card fees or charges;

E. Up to 3 drivers on a lease at the request of the drivers, which request cannot be unreasonably denied.

A lessor must not accept any other payment from a lessee for the purchase or lease of a vehicle. A Medallion lessor or Agent can agree with a driver to provide services or accommodations on an arms-length basis outside the lease. A Medallion lessor or Agent who provides services or accommodations outside the lease to a leasing driver must keep records of all transactions with that driver and such records must be available for inspection by the Chairperson. A Medallion lessor may not enter into a lease with any person or entity under this paragraph if such Medallion lessor holds more than 2% of shares in a publicly held corporation that sells, leases or finances vehicles and has accepted a payment from such person or entity related to the sale, lease or finance of the Vehicle of such person or entity.

(vi) The gasoline surcharge option provided in paragraph 58-21(c)(6) is not available to Owners/lessors leasing a Medallion-only under this Section 58-21(c)(3)

(4) *Standard Medallion Lease Cap including Long Term Vehicle Lease/Conditional Purchase*

(i) A Lease is covered by this paragraph 58-21(c)(4) if it includes all of the following:

A. The lease of a Medallion

B. The conditional purchase agreement for a vehicle; and

C. The vehicle is being conditionally sold to the driver/lessee by any of

1. The Owner of the Medallion or any employee of the Owner, and/or
2. The Owner's Agent or any employee of the Agent, and/or
3. Any Business Entity of which a Business Entity Person of the Owner or Agent, or an employee of Owner or Agent, is a Business Entity Person
4. For purposes of this paragraph, an individual, business entity or business entity person covered by subitems one through three of this item C who is leasing a Medallion to a lessee and who holds more than 2% of the shares in a publicly held corporation that sells, leases or finances vehicles and has accepted a payment from such lessee related to the sale, lease or finance of such lessee's vehicle is deemed to be a party to the vehicle financing arrangement. Accordingly, the total amount charged to the lessee for both the lease of the Medallion and for the sale, lease, or financing of the vehicle cannot exceed the amount of the Standard Lease Cap set forth in subparagraph (ii) of this paragraph.

(ii) The Standard Lease Cap under this section for a Taxicab Medallion and vehicle is

A. $1,269 weekly if the vehicle complies with the requirements of Section 67-05 of these Rules or other applicable provisions of these Rules and meets the requirements of Section 19-533 of the Administrative Code; or

B. $1,227 weekly if the vehicle complies with the requirements of Sections 67-05.1 or 67-05.2 of these Rules

C. $1389 weekly for vehicles placed into service on or after the OTV Activation Date if such vehicles are either Official Taxicab Vehicles or Accessible Taxicabs

D. This Standard Lease Cap can be charged for a lease related to any one vehicle for up to 156 weeks, however it cannot be charged at any time after title to the vehicle passes (or could have passed) to the lessee.

(iii) Title to the leased vehicle must pass to one or more of the lessees, if the lessees request, after 156 weeks, or after all vehicle financing costs have been paid, whichever is sooner. The conditional seller is not required to transfer title if the lessees have failed to pay all payments due for the vehicle purchase and lease until all such payments have been made.

(iv) The lease of a Medallion together with a vehicle under this paragraph 58-21(c)(4) includes within the payment to the lessor the amount due by the Vehicle owner for the Commercial Motor Vehicle Tax.

(v) A lease, and payment of the Lease Cap under this section includes (and the following must be provided to the lessee, except items G and H are optional):

A. Use of the medallion;

B. All applicable TLC and NYS DMV fees except for TLC vehicle inspection fees;

C. Insurance required by Section 58-13;

D. Credit card fees or charges;

E. All Vehicle purchase and/or finance costs and vehicle sales tax and related costs;

F. Up to 3 drivers on a lease at the request of the drivers, which request cannot be unreasonably denied.

G. A Medallion lessor or Agent can offer coverage for collisions and physical damage to the vehicle to the lessee/purchasers in an amount not to exceed $50 per week, but cannot require that the lessee/purchasers purchase such coverage.

i. The Medallion lessor or Agent can require that a deductible of up to $250 per incident be met before covering or reimbursing costs identified in item G.

ii. For any incident for which a driver has paid a deductible amount authorized under this subsection, if the Medallion lessor or Agent of the taxicab which is the subject of the damages claim receives insurance claim proceeds, litigation proceeds or other proceeds to cover the cost of repair, the lessor must reimburse the driver for the amount previously remitted as a deductible.

iii. A Medallion lessor or Agent can agree with a driver to provide services or accommodations on an arms-length basis outside the lease. A Medallion lessor or Agent who provides services or accommodations outside the lease to a leasing driver must keep records of all transactions with that driver and such records must be available for inspection by the Chairperson

(vi) The gasoline surcharge option provided in Section 58-21(c)(6) is not available to Owners/lessors leasing a Taxicab and vehicle under this Section 58-21(c)(4).

(vii) If the vehicle is unavailable for use for any reason that is not the lessee's responsibility during any part of any week, the lessees payment of the Lease Cap must be pro-rated. As an example, a vehicle is not unavailable for purposes of this rule if the vehicle is undergoing required maintenance, undergoing repairs as a result of not being properly maintained, or required to appear for inspection at the TLC.

(5) *Limits on Additional Charges.* In addition to a lease amount no greater than the Standard Lease Cap (as adjusted), an Owner/lessor (as well as any agent or employee of the Owner/lessor) must not request of or accept from any lessee any money or other thing of value, except for the following (this means an Owner/lessor must not charge any tip, tax, surcharge or other fee of any kind above the Standard Lease Cap (as adjusted):

(i) A gas surcharge of $21 per shift (or $126 for drivers leasing under 58-21(c)(1)(i) E or F, and 58-21(c)(2)(i) E or F (with such surcharge to be adjusted as provided below) provided that the Owner/lessor or his or her agent is providing gasoline to the lessee as provided in section 58-21(c)(6);

(ii) A security deposit and deductions from the security deposit no greater than allowed under subdivision (e) below;

(iii) The discount toll amount for use of the Owner's *EZ-Pass®* as described in §58-27 of this Chapter;

(iv) *Late Charges*

A. For any vehicle leased pursuant to 58-21(c)(1) or 58-21(c)(2) a late charge not to exceed $25 for any shift for the late return of a vehicle. The total late charge for the late return of a vehicle from any one shift may not exceed the cost of one shift.

B. For any vehicle leased pursuant to 58-21(c)(3) or 58-21(c)(4) a late charge not to exceed $50.00 for each weekly lease payment paid late. A late charge can be imposed only if the weekly lease payment is not received within 24 hours of the date and time on which it is due.

(v) A reasonable cancellation charge, subject to the provisions of subdivision (i)(5) below;

(vi) Parking tickets and red light violations permitted to be deducted from the security deposit described in subdivision (e) below, provided that the Driver/lessee is allowed to challenge any ticket or violation; and

(vii) If the Owner (or Owner's Agent) is a Taxpayer, the Taxpayer can collect the MTA Tax collected by the lessee/Driver from the lessee/Driver. The MTA Tax must be collected in the following order:

A. The MTA Tax must first be deducted from any credit card reimbursements due as required in subdivision (f) below.

B. The MTA Tax must next be deducted from the security deposit permitted in subdivision (e) below.

C. If not fully paid, then the MTA Tax must be collected from the lessee/Driver

(viii) In addition to these charges, an Owner can deduct from credit card receipts payable to the Driver amounts collected by the T-PEP Provider, pursuant to the T-PEP Provider's authorization by the Commission, provided that

A. such amounts are dedicated for the purpose of providing healthcare services and disability coverage for drivers;
B. such amounts do not exceed $0.06 per trip.
C. such amounts are provided by rule of the Commission; and
D. such amounts are timely remitted to the Owner's TPEP Provider or other recipient as approved by the TLC.

§58-21(c)(5)(viii)(D)	Fine: $1,000 and suspension until compliance	Appearance REQUIRED

(ix) State and local sales and rental taxes on vehicle rentals.

(x) If contained in the lease, a provision for the recovery of reasonable damages for a breach of the lease contract, including attorneys' fees and costs. Fines paid to the Commission by an Owner or Agent cannot be recovered from a driver as reasonable damages, except for

A. fines incurred as a result of a sublease prohibited by Rule 58-21(a)(2), or,

B. for drivers leasing under 58-21(c)(3) or (c)(4), fines incurred as a result of unauthorized operation by a suspended or revoked driver, or

C. fines imposed on the owner for violation of Rule 58-29(b), provided that such fine was assessed because of the conduct of the driver and provided the owner is able to show that the driver had notice of the inspection date, or

D. fines imposed on the owner for violation of Rule 58-31(a).

(xi) Credit Card Processing Surcharge for Leases entered into pursuant to 58-21(c)(1), 58-21(c)(2), 58-21(c)(3), or 58-21(c)(4) of these Rules:

A. For daily leases under 58-21(c)(1) and 58-21(c)(2), an Owner of a Taxicab can charge a $10 surcharge per shift for credit card processing.

B. For weekly leases under 58-21(c)(1) and 58-21(c)(2), an Owner of a Taxicab can charge a $60 surcharge per week for credit card processing.

C. For leases under 58-21(c)(3) and 58-21(c)(4), an Owner of a Taxicab can charge a $120 surcharge per week for credit card processing.

D. Beginning on January 1, 2013, each June and December, the TLC will review the TPEP systems' data to determine average credit card usage per shift. The TLC will review only the data for shifts at least seven hours long. Payments made by credit card shall be the entire amount paid by the passenger, as determined from the T-PEP records reviewed.

If, under this review, the amount of the average credit card usage per daily shift exceeds $200, the TLC will propose and support:

a rule seeking an adjustment to the Credit Card Surcharge for daily leases under 58-21(c)(1), 58-21(c)(2), 58-21(c)(3) and 58-21(c)(4) so that it is equivalent to 5% of the average credit card usage per shift for the preceding four months, rounded to the nearest whole dollar;

a rule seeking a similar adjustment to the Credit Card Surcharge for weekly leases under 58-21(c)(1) and 58-21(c)(2) by multiplying the per shift surcharge by six; and

a rule seeking a similar adjustment to the Credit Card Surcharge for Medallion-only and Medallion and Vehicle leases under 58-21(c)(3) and 58-21(c)(4) by multiplying the shift rate surcharge by twelve.

For example, if the average credit card usage per shift, using the criteria set forth above, is $200, the per shift surcharge shall be $10 ($60 per week, $120 per week for a lease under 58-21(c)(3) and (4)). If the average credit card usage per shift is $240, the per shift surcharge shall be $12 ($72 per week, $144 per week for a lease under 58-21(c)(3) and (4)). E. Upon enactment of any rule that changes the Credit Card Surcharge, the TLC will issue an industry notice setting forth the new Credit Card Surcharge. F. Notwithstanding the results of the review(s) above, the TLC will not adjust, propose, or seek an adjustment to Credit Card Surcharges to any amount less than $10 for any daily lease entered into pursuant to 58-21(c)(1), 58-21(c)(2), or less than $60 for any weekly lease entered into pursuant to 58-21(c)(1), 58-21(c)(2), or less than $120 for any lease entered into pursuant 58-21(c)(3) and 58-21(c)(4), irrespective of the average credit card usage per shift.

(6) *Optional Gasoline Surcharge:* An Owner/lessor, or his or her Agent leasing a Taxicab under Section 58-21(c)(1) or 58-21(c)(2) , may chose to provide gasoline to a lessee and charge a gas surcharge in an amount as specified in this section in addition to the Lease Cap provided in Section 58-21(c)(1) or 58-21(c)(2) , provided that

(i) Gasoline is provided to the lessee for the entire shift at no additional cost to the lessee.

(ii) The surcharge will be $126 per week (or $21 per shift) until December 31, 2012

(iii) After that date the surcharge will be reset based on the trailing 6 month average as of the date the surcharge is calculated of the New York City Gasoline Price Index issued by U.S. Energy Information Agency and published at www.eia.gov.

(iv) The surcharge will be calculated as of June 30 and November 30 of each year beginning November 30, 2012.

(v) The Commission will post the new surcharge on its Web site by July 15 and December 15 of each year

(vi) The new surcharge will take effect on July 31 and December 31 of each year beginning December 31, 2012. If the Commission has not posted a new surcharge, the prior surcharge will remain in effect.

(vii) Based on the index, the surcharge will be as follows:

UNTIL THE OTV ACTIVATION DATE:

When the Index is:	The surcharge will be:
$2.49 or less	$13 per shift (or $78 per week)
$2.50 to $2.99	$16 per shift (or $96 per week)
$3.00 to $3.49	$18 per shift (or $108 per week)
$3.50 to $3.99	$21 per shift (or $126 per week)
$4.00 to $4.49	$23 per shift (or 138 per week)
$4.50 to $4.99	$26 per shift (or $156 per week)
$5.00 or more	$28 per shift (or $168 per week)

ON AND AFTER THE OTV ACTIVATION DATE:

When the Index is:	The surcharge for Hybrid Electric and Diesel-Fueled taxicabs will be :	The surcharge for all other taxicabs will be
$2.49 or less	$13 per shift (or $78 per week)	$16 per shift (or $96 per week)
$2.50 to $2.99	$16 per shift (or $96 per week)	$19 per shift (or $114 per week)
$3.00 to $3.49	$18 per shift (or $108 per week)	$21 per shift (or $126 per week)
$3.50 to $3.99	$21 per shift (or $126 per week)	$24 per shift (or $144 per week)
$4.00 to $4.49	$23 per shift (or 138 per week)	$26 per shift (or $156 per week)
$4.50 to $4.99	$26 per shift (or $156 per week)	$29 per shift (or $174 per week)
$5.00 or more	$28 per shift (or $168 per week)	$31 per shift (or $186 per week)

§58-21(c)	Fine: First violation: $500 Second and subsequent violations; $1,000 and/or suspension of the Medallion for up to 30 days. In addition to the penalty payable to the Commission, the ALJ can order the Owner to pay restitution to the Driver, equal to the excess that was charged to the Driver or the extra fuel the driver had to pay for.	Appearance REQUIRED

(viii) Nothing in paragraph 58-21(c)(6) prohibits an Owner/lessor, or his or her Agent leasing a Taxicab under Section 58-21(c)(1) or 58-21(c)(2) from selling gasoline to a lessee independent of any lease payments made under 58-21(c)(1) or 58-21(c)(2) as long as such transactions are recorded and available for inspection as required by Section 58-21(b)(3) of this Chapter.

(7) *Collective Bargaining Exception to the Standard Lease Cap.* The provisions of this section do not apply to Owners and lease Drivers whose business relationship is governed by the terms of a collective bargaining agreement that regulates the subject of lease prices.

(d) (Reserved)

(e) *Security Deposit on Taxicab Vehicles.*

(1) *Security Deposit Provision Permitted.* An Owner can include a lease provision for a security deposit from the Driver, provided it complies with the requirements of this subdivision (e).

(2) *Permitted Withholdings from Security Deposit.* At the termination or expiration of a lease an Owner may be reimbursed from the security deposit only for the following:

(i) Any unpaid but owing lease charges.

(ii) Damage to the vehicle, if the lease clearly and prominently states that the Driver is responsible for damage.

(iii) Any parking tickets issued during the lease.

(iv) Any red light violations issued to the Owner during the lease, under the NYC Department of Transportation's camera surveillance system.

(v) If the Owner (or Owner's Agent) is a Taxpayer, any MTA Tax remaining due from the Driver after deductions from credit card receipts due to the Driver.

(3) *Deposit Not to be Used for Owner Violations.* An Owner must not require a Driver to pay any summons that is written to the Owner as Respondent, other than those specified above.

§58-21(e)(3)	Fine: First violation: $250; Second violation: $350; Third and subsequent violations $500 and/or suspension of the Medallion for up to thirty days. In addition to the penalty payable to the Commission, the ALJ can order the Owner to pay restitution to the Driver, equal to the excess that was withheld from the Driver, or equal to the amount that the Driver paid, at the requirement of the Owner, to satisfy any summons against the Owner	Appearance REQUIRED

(4) *Limits on Amount of Deposit.* An Owner must not require a Driver to post any security deposit that is greater in amount than the rate for one lease term. However, if the lease term is for more than one week, an Owner must not require a Driver to pay a security deposit in an amount greater than the lease rate for one week. Examples include:

(i) An Owner who leases a Taxicab for one shift at the rate of $80 per shift can require up to an $80 security deposit.

(ii) An Owner who leases a Taxicab or Medallion for one week at the rate of $500 a week can require up to a $500 security deposit.

(iii) An Owner who leases a Taxicab for six months at the rate of $2,000 a month can require up to a $500 security deposit.

(iv) *Special Rule for Long Term leases under Paragraph 58-21(c)(4).*

A. A Lease under Section 58-21(c)(4) can include a refundable deposit of up to $5000, which may be collected at the beginning of the lease or in scheduled payments over time as specified in the lease. An Owner or an Owner's Agent must not accept any deposit in excess of this amount.

B. The weekly lease payment specified in Section 58-21(c)(4) must be credited by an amount equal to the prorated value of the refundable deposit, except that until the lease ends, a deposit equal to the deposit that could be required for a lease of a Medallion under Section 58-21(c)(3)(i) or (ii), as applicable, can be retained by the Owner/lessor or his or her Agent.

C. If the deposit is not fully credited against the lease because of a cancellation, any remaining, uncredited deposit shall be refunded to the lessee/driver within 30 days of termination or cancellation of the lease by the lessor or an Agent of lessor. *Note:* this does not apply when the driver breaks or terminates the lease prior to the term. The deposit shall be held, and interest shall accrue, in the manner prescribed by section 58-21(e)(7).

§58-21(e)(4)	Fine: $200	Appearance NOT REQUIRED

(5) *Provide Driver Written Receipt and Accounting for Security Deposit.*

(i) An Owner must provide written receipts for any security deposits made by a Driver.

(ii) An Owner must provide a Driver with a written itemization of any items withheld or deducted from a security deposit.

§58-21(e)(5)	Fine: $50	Appearance NOT REQUIRED

(6) *Return Deposit within 30 Days of Lease Termination.*

(i) An Owner must return a security deposit no later than 30 days after the end of the lease term.

(ii) An Owner must return a security deposit either by check or by cash exchanged for a written receipt from the Driver.

§58-21(e)(6)	Fine: $50	Appearance NOT REQUIRED

(7) *Interest on Security Deposit.*

(i) An Owner who requires a security deposit must secure the funds in an interest-bearing account in a bank or credit union within the City of New York, in an account devoted to security deposits and not commingled with funds of the Owner.

(ii) The Owner must indicate in writing provided to the Driver the name and address of the bank or credit union and the applicable account number.

(iii) Interest on the security deposit must accrue to the benefit of the Driver furnishing the security, except, however, that the Owner can

retain one percentage point of any interest, as compensation for bookkeeping expenses.

§58-21(e)(7)	Fine: $50	Appearance NOT REQUIRED

(8) *Collective Bargaining Agreement Exception to Limitations on Security Deposits.* The provisions of this section do not apply to Owners and lease Drivers whose business relationship is governed by the terms of a collective bargaining agreement that regulates the subject of security deposits.

(f) *Credit Card Charges.*

(1) For any lease of a Taxicab (vehicle and Medallion) under paragraph 58-21(c)(1) or 58-21(c)(2), an Owner (or Owner's Agent) must pay a Driver in cash, on a daily basis, the total amount of all credit card payments made during the Driver's shift, less the $.06 per trip driver health surcharge described in subdivision 58-21(f)(5);

(2) For any lease not described in subparagraph (1), an Owner (or Owner's Agent) must pay the Driver in cash, on no less than a weekly basis, the total amount of all credit card payments made during that period, less the $.06 per trip driver health surcharge described in subdivision 58-21(f)(5).

§58-21(f)(1)& (2)	Fine: $100	Appearance NOT REQUIRED

(3) An Owner (or Owner's Agent) must not withhold from the cash payments any credit card pass-along, fees or charges.

§58-21(f)(3)	Fine: First violation: $200 Second violation: $300 Third violation: $500 In addition to the penalty payable to the Commission, the ALJ may order the Owner to pay restitution to the Driver, equal to the excess amount that was charged to the Driver.	Appearance REQUIRED

(4) If an Owner (or Owner's Agent) is a Taxpayer, the Taxpayer can deduct from the credit card receipts payable to the Driver the amount due for the MTA Tax from the Driver's trips.

(5) An Owner can deduct from credit card receipts payable to the Driver amounts retained by or payable to the T-PEP Provider, pursuant to the T-PEP Provider's contract with the Commission, provided that

(i) such amounts are provided for by contract between the T-PEP Provider and the Commission or by rule of the Commission;

(ii) such amounts are dedicated for the purpose of providing healthcare services and disability coverage for drivers; and

(iii) such amounts do not exceed $0.06 per trip.

(g) *Receipts to Drivers for All Payments.*

(1) An Owner (or Owner's Agent) must give a Driver a written receipt for every payment or deduction made under the lease and these Rules.

(2) The receipt must include the name of the Driver and the number of the Medallion subject to the lease.

(3) The receipt must clearly state the following information with respect to the payment or deduction:

(i) The date

(ii) The name of the recipient

(iii) The amount

(iv) The purpose

(v) The number of the section of this chapter that authorizes the payment or deduction

§58-21(g)	Fine: $50 plus driver gets free shift.	

(h) *Lease Must Be in Writing.*

(1) Every Taxicab operating lease (including any amendments), must be in writing, and must be signed by the Owner (or a person authorized to act on behalf of the Owner), and by the leasing Driver or Drivers.

(2) A copy of the fully executed lease must be provided to the leasing Driver or Drivers.

§58-21(h)	Fine: $500	Appearance NOT REQUIRED

(i) *Terms.* Every lease must contain the following terms:

(1) *The type and term of the lease.* The lease must state the beginning date and time of the lease and the ending date and time of the lease.

(i) A weekly lease must run for seven consecutive calendar days.

(ii) A shift must run for 12 consecutive hours.

(2) *Costs covered by the lease.* The lease must state the total lease amount, and must itemize that total cost, including:

(i) The amount of the lease that applies to the medallion and the amount, if any, that applies to the vehicle

(ii) The amounts, if any, of the security deposit

(iii) The gasoline surcharge if there is one

(iv) Any other costs that the Driver will be charged

(3) *Reference Authorizing Rule Sections.*

(i) For each itemized cost listed above (in subparagraph (2)), the lease must include a reference to the Commission Rule authorizing the Owner to charge the cost to the Driver.

(ii) The lease must either recite the complete text of each Rule or state the address of the Commission's Web page on which the Rule is published.

(4) *Overcharges.* Every lease must contain clearly legible notice that overcharging a lessee/Driver is prohibited by the Commission's Rules, and that complaints of overcharges may be made in writing to the Commission or by telephone call to 311.

(5) *Charges Upon Cancellation.*

(i) If an Agent demands the return of a Medallion upon the request of an Owner, the Driver has the right to request the Agent to provide a replacement Medallion and, if the Agent provides another Medallion, the Driver will not be responsible for the costs of hacking up a replacement vehicle.

(ii) Any cancellation charge contained in the lease must be reasonable, and will not be permitted unless the lease also provides that:

A. Owner is not permitted to charge a Driver a cancellation charge if the Driver is not late in making lease payments at the time the Owner cancels the lease.

B. When a cancellation payment is made, the Driver's obligation to make lease payments terminates immediately.

(6) *Deposit information.* Each lease must include the information regarding deposits required by §58-21(e) of this chapter.

§58-21(i)	Fine: First violation $500 Second and subsequent violations: $1000 and/or suspension of the Medallion for up to thirty days. In addition to the penalty payable to the Commission, the administrative law judge may order the owner to pay restitution to the driver, equal to the excess or non-authorized charge that was charged to the driver.	Appearance REQUIRED

(j) *Retaliation.*

(1) An Owner must not retaliate against any Driver for making a good faith complaint against any Owner for violation of the leasing provisions in §58-21 of this chapter.

(2) "Retaliation" will be broadly construed, and will include imposing any adverse condition or consequence on the Driver or withholding or withdrawing any beneficial condition or consequence from the Driver.

§58-21(j)	Fine: $1,000, plus restitution to the driver for losses for the first offense and a fine of $10,000 plus restitution to the driver for the second offense within five years.	Appearance NOT REQUIRED

§58-22 Records – Trip Record Information

Taxi Deregulation Removes Cab Drivers' Economic Shackles

Government doesn't decide the number of gardeners or car-repair shops. Why should it do that for taxis?

Steven Greenhut | Nov. 14, 2014 12:00 pm

SACRAMENTO — After the Civil War, newly freed slaves and poor whites in the Deep South often became "sharecroppers" who farmed land owned by others and paid a share of the crops. Barely able to eke out a living and unable to buy farms, they became indebted to the owners and locked into a life of poverty.

It sounds strange at first, but San Diego's taxicab system — like such systems elsewhere – has parallels to that antiquated economic model. Eighty-nine percent of the city's cab drivers rent cabs. Because of a city-imposed cap on the number of cabs, these drivers cannot go out on their own.

They pay around $1,200 a month to lease their cabs to pay for those high medallion costs. The results are predictable. According to the 2013 "Driven to Despair" survey from San Diego State University and the Center on Policy Initiatives, "San Diego taxi drivers earn a median of less than $5 an hour. ... Virtually no drivers have job-related health coverage ... ." Drivers are encouraged to "drive when tired or sick."

That all will change. On Monday, the San Diego City Council overwhelmingly approved a proposal from council member Marti Emerald to remove the cap on the number of city-issued permits. The meeting was held at a large auditorium given the high level of interest from drivers and company owners.

The latter have been vocal in their opposition for obvious reasons. As cab owners, they benefit from a cap that eliminates new competition. They often speculate on the value of these city-issued permits, which now are worth up to $140,000. If the system opens up, the value of the permits evaporates, and they no longer have drivers with little choice but to accept their terms and conditions.

"Our drivers want to be owner operators," said Sarah Saez, program director of the United Taxi Workers of San Diego, which represents more than 700 drivers. "They want to be

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small business owners," she added, noting how excited many of the drivers are to be able to implement new ideas and compete against ride-sharing services. "This is the only way to save the taxi industry."

In September, hundreds of cab owners attended a council meeting to oppose the proposal. Many wore T-shirts saying, "I took out a loan & 401k to acquire my permit." But supporters argue there is no property right in these permits. "They are not stocks or bonds," but are just the right to have a taxi, said City Attorney Jan Goldsmith.

The city can legally change or remove the 993-permit limit, according to its legal opinion from August: "No vested rights are associated with the granting or prohibiting of permits, so no fundamental rights are affected ...."

The debate is not simply between the 11 percent who own their cabs and have paid oftentimes exorbitant prices for the permits against the 89 percent who may want to be their own bosses. It's a big matter for consumers and the local economy, too. So it's worth looking at the results in other cities that have taken this approach.

When Minneapolis had a cap, its market was dominated by 10 companies. Now there are 38 companies. The new competitive system created niche players – including a Spanish-language dispatch system and companies that serve neighborhoods that had been under served. Also, those illegal gypsy cabs have disappeared, explained Lee McGrath, an attorney with the Institute for Justice's (IJ) Minnesota branch. The economic-rights group litigated a case that forced Milwaukee to also open up its taxi-permit system.

Under the San Diego proposal, cabbies would still conform to licensing, insurance and safety rules. That's the traditional American approach — let the market set the number of businesses, while using the government to set some ground rules. Government doesn't decide the number of gardeners or car-repair shops. Why should it do that for taxis?

And why should city council members, who have long been concerned about the plight of low-wage workers, tolerate a rule that locks drivers into low pay and 70-hour weeks? Taxi drivers need to be freed from this system of "urban sharecropping," IJ's McGrath added. Yes, it's time to remove their economic shackles.

T&E Items 1, 2 & 3
February 27, 2015
Worksession# 3
ADDENDUM #2

MEMORANDUM

Councilmembers: please retain this Addendum and attachments for future worksessions.

TO: Transportation, Infrastructure, Energy and Environment Committee

FROM: Josh Hamlin, Legislative Attorney

SUBJECT: **Worksession:** Expedited Bill 53-14, Taxicabs – Licenses – Vehicle Requirements – Driver Identification Cards; Bill 54-14, Taxicabs – Transportation Network Service Requirements; and Bill 55-14, Taxicabs – Centralized Electronic Dispatch System.

Additional Materials for Committee Consideration

Attached to this memorandum are materials received on February 27, 2015 that will be helpful to the Committee in considering the issues for discussion in the February 27, 2015 worksession.

Response from Acting DOT Director Al Roshdieh

The packet for the February 27 worksession references and includes a letter from Councilmember Berliner to Acting DOT Director Al Roshdieh, inquiring as to DOT's position on the issues raised by taxicab drivers regarding their relationships with the fleets with whom they contract. Acting Director Roshdieh's response is attached for Committee consideration (©436-438).

Senate Bill 868

The packet mentioned the prospect of a State bill regulating Transportation Network Companies (TNCs). Senate Bill (SB) 868, sponsored by Senator Ferguson, is slated for introduction today. While bill is not yet available on the Maryland General Assembly website, it appears from the summary to be similar to HB1160 from 2014, which would statewide and preemptive of County TNC regulation. The summary and history information for SB 868 is attached (©439-441).

This addendum contains:

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DEPARTMENT OF TRANSPORTATION

Isiah Leggett
County Executive

Al R. Roshdieh
Acting Director

MEMORANDUM

February 27, 2015

TO: Roger Berliner, Chair
Transportation, Infrastructure, Energy, and Environment Committee

FROM: Al R. Roshdieh, Acting Director
Department of Transportation

SUBJECT: Taxi Legislation

This memorandum is in response to your February 19, 2015, memorandum in which you requested the Montgomery County Department of Transportation's (MCDOT) comments on several topics related to taxicabs and transportation networking companies (TNC's), working conditions for taxicab drivers, and service for people with disabilities. I have given considerable thought to the issues raised and present the following for your use.

I am very pleased to be able to respond to you concerning, in particular, driver issues. At the direction of the County Executive, MCDOT participated in mediation between drivers and taxi company owners for the last year; a challenging process which produced no resolution. The mediation did not uncover any violations of either the County Code, nor of the contracts that drivers have with the companies. We are committed to a healthy taxi industry with fair and equitable treatment to the drivers. Indeed, the County Executive, while disappointed at the lack of resolution in the mediation, remains firmly committed to continuing the process of mediation if the parties so desire.

1. How Would MCDOT Determine an Appropriate Lease Cap: We agree with you that the lease charges are indeed an issue of utmost concern to some of the drivers. However, we believe this is a business decision for the individual fleet owners, and market forces will ultimately determine the rate. Lease rates are just one factor of many that goes into the financial arrangement between companies and drivers. The net total cost to the driver is a market driven financial decision that should be left to fleet owners and their drivers.

2. "Ownership" of Credit Card Terminals: We are agreeable to driver-provided credit card terminals that comply with taxi industry standards and will interface with our Call-n-Ride technology. Those requirements will produce the proper information needed to investigate complaints.

3. Lease terms related to transfer of Passenger Vehicle License (PVL) from a Fleet to an individual: Drivers can change companies as long as they are not contractually bound. Furthermore, MCDOT's position is that all contracts between drivers and fleets should be fair and reasonable and afford the driver the opportunity to seek legal counsel of the contract in advance of execution. The recent sales of large volumes of PVLs from fleets to individuals stemmed from the Barwood bankruptcy. Prior to 2008, the Code only allowed the transfer of two (2) PVLs per year from fleets to individuals. In 2008, via Expedited Bill No. 30-08, the County Council enacted legislation that authorized Barwood and the other fleets to transfer more than two (2) PVLs to individuals in a given year, primarily to help Barwood emerge from bankruptcy. The Department has no objection if the County Council wishes to prohibit any future transfer of PVLs from fleets to individuals.

4. Dispute Resolution between Drivers and Fleets: MCDOT supports a meaningful and fair process for dispute resolution that is initiated by the aggrieved parties. In fact, the current County Code allows for mediation. The drivers also have recourse through the courts for contractual issues. However, our most recent experience with mediation did not provide a resolution to the drivers' issues. For issues that do not speak to code or contractual violations, a legislative solution could be pursued to require drivers and owners to contractually submit to binding arbitration. We'd be happy to work with the committee to formalize a process.

5. More PVLs for Individual Drivers: Currently, 24 percent of all PVLs are held by individuals. The Code adopted by the Council in 2004 provided that 20 percent of new issuances should go to individuals, and the fleets were allowed to transfer two (2) PVLs per year (however, this prohibited them from participating in a future issuance). We have no objection to raising the individual percentage for new issuances. MCDOT's request is that individual owners still be required to affiliate with a company or association. In addition, at renewal, if a fleet does not have a vehicle attached to the PVL, the law should be amended to require that the PVL reverts back to the County for reissuance. With regard to sub-licensing, MCDOT has no objection as long as drivers have an opportunity to seek legal counsel of the contract in advance of its execution and the term of the sub-license does not exceed the term of the PVL.

6. Service for People with Disabilities: I am firmly committed to ensuring adequate transportation resources for people with disabilities, and to that end, I recommend a modification of your plan as follows.

    a. For the TNCs:

        i. Require that TNCs keep a level of wheelchair-equipped vehicles in revenue service that is comparable to the taxi industry (currently at eight percent).

ii. If the TNCs cannot accomplish the above, require that an annual Accessible Vehicle Charge (AVC) on each of the TNCs be established, which would provide funds for purposes of expanding transportation for people with disabilities who require accessible vehicles; and, require that the TNCs contract with the taxi companies for wheelchair-accessible trips, if they cannot meet demand. (e.g. your example of Uber WAV)

iii. Establish in the Code that TNCs are not allowed to discriminate against people regardless of race, color, religious creed, ancestry, national origin, sex, sexual orientation, marital status, presence of children or service animals, age, physical or mental disability.

b. For the taxicabs:

i. Establish in the Code that taxi fleets keep eight percent of the vehicles in their fleets accessible. These accessible vehicles must be on the road and in service daily.

ii. With a special issuance, increase the number of wheelchair-accessible PVLs to individual owners.

iii. Using revenue established in bullet a.ii. above, establish an annual grant program providing an operating subsidy for all individual owners who own a wheelchair-accessible vehicle, to offset the operations costs of these vehicles.

Thank you for the opportunity to comment on these issues. Please contact me if you have any questions.

ARR:kmm

cc: Bonnie Kirkland, Assistant Chief and Administrative Officer
Uma Ahluwalia, Director, Department of Health and Human Services
Carolyn Biggins, Chief, Division of Transit Services, Department of Transportation
Jay Kenney, Chief, Aging and Disability Services, Department of Health and Human Services
Robert Birenbaum, Associate County Attorney
Howard Benn, Chief, Customer and Operations, Support Section, Department of Transportation
James Ryan, Taxi Unit Manager, Department of Transportation
Shawn Brennan, Mobility and Transportation Program Manager
Betsy Luecking, Manager, Commission on People with Disabilities
Trish Gallalee, Chair, Commission on People with Disabilities
Josh Hamlin, Legislative Attorney, County Council
Councilmembers

SB0868

2015 Regular Session

Entitled: Public Utilities - Transportation Network Services
Sponsored by: Senator Ferguson
Status: In the Senate - First Reading Senate Rules

Synopsis: Authorizing the establishment of transportation network services in the State; authorizing an individual to submit an application for registration as a transportation network operator; requiring a transportation network company to conduct, or have a third party conduct, a specified criminal history records check using a specified database and obtain and review a driving record check for each applicant before approving an application for the applicant; etc.

Analysis: Not available at this time

All Sponsors: Senator Ferguson

Additional Facts: Bill File Type: Regular
Effective Date(s): July 1, 2015

Committee(s): Rules

Broad Subject(s): Utility Regulation

Narrow Subject(s):
Accidents
Counties -see also- Chartered Counties; Code Counties
Criminal Background Investigations
Disabilities -see also- Blind; Deaf; Developmental
Discipline
Disclosure
Discrimination
Drivers' Licenses
Electronic Commerce -see also- Electronic Funds Transfer
Equipment -see also- Motor Vehicle Equipment
Fees -see also- Attys' Fees; Devt Fees & Taxes; Reimb Rates
Insurance -see also- Health Ins; MAIF; Motor Vehicle Ins
Investigations and Inquiries -see also- Crim Bckgrnd Invest
Labeling
Licenses -see also- Alcoholic Bev Lic; Drivers' Licenses
Motor Vehicles -see also- Aband Veh; Ambulances; Buses; etc.
Motor Vehicle Inspection
Motor Vehicle Insurance -see also- MD Auto Insurance Fund
Motor Vehicle Operation
Motor Vehicle Registration
Municipal Corporations -see also- Annap; Balt; Hager; OC
Notices
Prices -see also- Consumer Price Index
Public Service Commission
Records -see also- Land Records; Vital Records
Registration -see also- Motor Vehicle Registration
Reports
Revenue and Taxes -see also- Dev Fees &Taxes; specific tax
Safety -see also- Occupational Safety
Substance Abuse
Telecommunications and Information Technology
Transportation -see also- Aircraft; Airports; Boats; etc

Statutes: Article - Public Utilities

(10-102, 1-101, 10.5-101 through 10.5-111)

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2015 Regular Session

Entitled: Public Utilities - Transportation Network Services
Sponsored by: Senator Ferguson
Status: In the Senate - First Reading Senate Rules

Chamber	Calendar Date	Legislative Date	Action	Proceedings
Senate	2/27/2015	2/27/2015	First Reading Senate Rules	

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