


Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Kwame R. Brown
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: May 17, 2012

SUBJECT: Fiscal Impact Statement – “Taxicab Service Improvement Amendment Act of 2012”

REFERENCE: Bill 19-630, Draft Committee Print Shared with the Office of Revenue Analysis on May 14, 2012

Conclusion

Funds are not sufficient in the FY 2012 budget and the proposed FY 2013 through FY 2016 budget and financial plan to implement the bill. The bill will require additional resources of \$669,900 in FY 2013 and \$3,215,000 over the four year financial plan period at the District of Columbia Taxicab Commission.

The bill is subject to its inclusion in an approved budget and financial plan.

Background

The District of Columbia Taxicab Commission (DCTC) monitors and regulates taxicab and limousine operations, including drivers and vehicle owners. The bulk of DCTC activities involve oversight of over 6,500 taxicabs, nearly 8,000 licensed taxicab operators, and 116 taxicab companies. DCTC is currently comprised of a Commission Chairman, two panels¹ of four commissioners each, fifteen hack inspectors, and other staff members.

The bill amends the District of Columbia Taxicab Commission Establishment Act of 1985² by making numerous changes to the structure of DCTC, its roles and responsibilities, and the expectations for industry participants. Many of the changes are technical in nature, but the following is an outline of some key components.

¹ These are the Panel on Rates & Rules and the Panel on Consumer & Industry Concerns.

² Effective March 25, 1986 (D.C. Law 6-97; D.C. Official Code § 50-301 *et seq.*).

Commission and Industry Structure

Overall, the bill clarifies DCTC's responsibility to monitor and regulate all public vehicles-for-hire³ and not just the taxicab industry. The bill eliminates the two existing DCTC panels, transfers their duties⁴ to the overall Commission, and gives it the authority to create task specific panels as needed. The bill also expands the number of DCTC hack inspectors from a minimum of twelve to a minimum of twenty to accommodate increased enforcement expectations in late evening and early morning hours, especially of unlicensed and out-of-jurisdiction taxicabs and limousines. Inspectors are also required to enforce compliance with Department of Motor Vehicle (DMV) regulations.⁵ The bill requires DCTC to establish a liaison with the District Department of Transportation to further intergovernmental interactions with other agencies impacting the transportation system, especially as it relates to the expansion of wheelchair accessible taxicabs. Lastly, DCTC is authorized to create and regulate classes of public vehicles-for-hire, including sedans.⁶

Consumer Service Fund

The bill establishes a non-lapsing Consumer Service Fund (Fund) separate from the District's General Fund. The Fund will receive proceeds from a passenger surcharge,⁷ fees from the issuance of public vehicle-for-hire licenses, and DMV fees for the registration of out-of-state vehicles. Allowable uses of funds are to offset DCTC administrative costs, support fare discount programs for low-income seniors and persons with disabilities, and for grants to taxicab owners for the purchase of alternative fuel and accessible vehicles and the service of underserved locations in the District. DCTC is required to review the passenger surcharge amount relative to expenditures and make any necessary adjustments.

Hack Licensing and Training

The bill lifts the moratorium on new issuances of hack licenses,⁸ but allows DCTC to establish quotas to limit the number of taxicab licenses or vehicles in operation based on an evaluation of market conditions. All hack drivers are required to go through DCTC sponsored training and the bill adds a few changes to the training program including a one year limit to obtain a hack license after successfully completing the training course and new components to address support for passengers with disabilities. DCTC can also impose penalties on drivers from outside jurisdictions who operate without a reciprocity agreement that match penalties imposed on District taxicab operators for similar violations.

Complaints, Adjudications, and Appeals

Currently, complaints are managed by DCTC, but adjudications and appeals are managed through the Office of Administrative Hearings (OAH) and the DMV. These include complaints against the taxicab industry, disputes among industry members, challenges to license denials, revocations, or suspensions, and other industry issues requiring intervention to protect the public interest. The bill requires DCTC to hire hearing examiners to hear complaints and adjudications, but these issues can

³ Public vehicles-for-hire, as defined in the bill, include taxicabs, limousines, sedans, and other private vehicles used for transportation of passengers for hire (excludes vehicles operated by WMATA and other public authorities).

⁴ Duties include establishing reasonable rates and fares, criteria and requirements for licensing, and service and safety standards.

⁵ Currently, hack inspectors enforce Taxicab Commission regulations.

⁶ Presently, taxicabs and limousines are regulated and sedans are subset of limousines.

⁷ DCTC will issue rules for implementation of surcharge which, as defined in the bill, cannot exceed 50 cents.

⁸ D.C. Official Code § 50-319(b-1).

still be referred to OAH. Additionally, the bill allows an appeal of a suspension or revocation of a license to be heard by DCTC within three days of notice.

Industry Requirements

The bill imposes a number of modernization requirements on the taxicab industry. These include, the installation of safety devices, uniform taxicab color and cruising lights, passenger information monitors, meters that accept non-cash payments, and GPS technology. The bill also encourages the industry to transition to fuel efficient and wheelchair accessible vehicles without any specific benchmarks.⁹ Taxicab companies which receive District support to increase their accessible fleet are required to prioritize dispatch requests from accessible passengers or reach out to other companies with accessible taxicabs if no accessible taxicab is immediately available.

Miscellaneous Provisions

The bill has a number of other provisions which are important to note. First, DCTC is required to provide taxicab operators with a fuel-efficient vehicle guide and keep operators informed as to the availability of grants for switching to fuel-efficient vehicles. Second, DCTC is required to maintain a hotline to link taxicab passengers to dispatch systems for taxicab companies. Next, the bill increases penalties for assaulting¹⁰ or fleeing¹¹ from a hack inspector. Lastly, the bill eliminates the upper and lower boundaries for fees associated with hack driver or owner licensing, giving DCTC more flexibility to set fees through rulemaking.

Financial Plan Impact

Funds are not sufficient in the FY 2012 budget and the proposed FY 2013 through FY 2016 budget and financial plan to implement the bill. The bill is subject to its inclusion in an approved budget and financial plan.

The bill imposes costs on both DCTC and the taxicab industry. The largest costs associated with implementation are tied to increasing the number of hack inspectors to meet the minimum of twenty, increasing DCTC staff to meet administrative, customer service, and education needs, and hiring hearing examiners. The personnel costs and associated equipment and training needs are \$669,900 in FY 2013 and \$3,215,000 in the FY 2013 through FY 2016 financial plan period.

Fiscal Impact of Bill 19-630 Taxicab Service Improvement Amendment Act of 2012 FY 2013 through FY 2016					
	FY 2013	FY 2014^b	FY 2015	FY 2016	Total
Personnel^a	(\$589,900)	(\$809,000)	(\$845,300)	(\$883,600)	(\$3,127,800)
Training and Equipment^c	(\$80,000)	(\$2,400)	(\$2,400)	(\$2,400)	(\$87,200)
Total	(\$669,900)	(\$811,400)	(\$847,700)	(\$886,000)	(\$3,215,000)

⁹ The bill does encourage DCTC to institute programs that grow the accessible taxicab fleet by 100 each year until demand is met, but this is not a requirement.

¹⁰ A misdemeanor is punishable by up to 180 days imprisonment or up to a \$1,000 fine while a felony is punishable by up to 10 years or up to a \$10,000 fine.

¹¹ Penalties range from up to 180 days imprisonment or a \$1,000 fine to up to 5 years imprisonment or a \$5,000 fine depending on the severity of the offense.

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Table Notes

^a Personnel includes hack inspectors, office personnel, and hearing examiners for a total of nine FTEs.

^b The two hearing examiners will be hired in FY 2014.

^c Equipment includes handheld devices, uniforms, vests, vehicles, Nextel radios, and hack inspector training.

Many cost provisions will be absorbed in the existing resources of DCTC. DCTC is currently establishing an automated phone line for lost and found and complaint filing. Adding a connection to the dispatch systems of taxicab companies will not add significant costs. Also, the District Department of the Environment currently produces a vehicle fuel-efficiency guide and distributing it to the taxicab industry will not impose significant cost burdens.

The lifting of the hack license moratorium will generate additional licensing fees, but there is not sufficient information to determine the extent of the increased revenues.

Lastly, there are a number of costs, which could be significant, associated with implementation of the bill that will be borne by industry participants. These are the requirements for uniform taxicab colors and roof lights, company dispatch systems, safety devices, new taxicab meters, and personal information monitors. Additionally, the bill encourages the transition to alternative fuel and wheelchair accessible vehicles which are more expensive than traditional taxicab sedans or vans.