

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



**Jeff DeWitt**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeff DeWitt  
Chief Financial Officer

**DATE:** October 21, 2014

**SUBJECT:** Fiscal Impact Statement – For-Hire Vehicle Accessibility Amendment Act of 2014

**REFERENCE:** Bill 20-889, Draft Committee Print as shared with the Office of Revenue Analysis on October 16, 2014

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**Conclusion**

Funds are not sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill. Implementation of the bill will cost approximately \$4.1 million over the four-year financial plan period.

**Background**

The bill expands the requirements on the number of accessible taxicabs in the District.

Currently, taxicab companies<sup>1</sup> of twenty or more taxicabs must meet accessible taxicab thresholds of 6 percent, 12 percent, and 20 percent of their fleets by December 31 of 2014, 2016, and 2018 respectively. The bill requires that 33 percent of a company's fleet be accessible taxicabs by December 31, 2020.

To assist taxicab companies in achieving these goals and support any other owners who wish to put an accessible taxicab into service, the bill proposes a refundable tax credit against corporate and unincorporated business taxes for any taxicab that is modified to be accessible or is accessible as a newly purchased vehicle. The Mayor will determine, upon receipt and review of an application, the amount of the credit up to \$10,000 per vehicle. The vehicle owner must notify the Mayor if the vehicle is sold or taken out of service and the owner has one year to put the vehicle into service as an accessible public for-hire vehicle. The credit is available for tax years beginning after January 1, 2015, but before January 1, 2020.

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<sup>1</sup> This includes taxicab companies that comprise of twenty or more taxicabs through common ownership.

The bill also imposes a \$50 fee for any new public for-hire vehicle that is put into service that is not wheelchair accessible. The fee should be deposited into the bill's newly established, non-lapsing Wheelchair-Accessible For-Hire Vehicle Service Fund ("Fund"). Additionally, the Fund can receive any General Fund resources appropriated through the budget process. The Fund's resources can be used for the purchase, operation, training, and use of accessible for-hire vehicles and to match any federal grant funds received for the same purposes.

Lastly, the bill makes a few additional changes such as renaming the Disability Taxicab Advisory Committee to the For-Hire Vehicle Accessibility Advisory Committee ("Committee"), including a Transportation Network company or operator on the Committee, creating Committee by-laws, and requiring the Taxicab Commission to provide administrative support for the Committee.

### Financial Plan Impact

Funds are not sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill. The Taxicab Commission will be responsible for reviewing and approving accessible taxicab credit applications. The Commission can implement those provisions with existing resources.

Currently, taxicab companies are expected to reach about 18 percent of the required number of accessible taxicabs by the end of 2014. If taxicab companies double that level of adoption of accessible cabs as a result of the tax credit incentive, the bill will cost \$4.1 million over the four year financial plan period.<sup>2</sup> Because taxicab conversion costs and new purchases are more expensive than the \$10,000 credit amount, it is assumed that all companies would request the full credit for each vehicle converted or purchased.

<b>For-Hire Vehicle Accessibility Amendment Act of 2014</b>					
<b>Bill 20-889</b>					
<b>Cost of Refundable Tax Credit</b>					
<b>FY 2015 – FY 2018</b>					
	<b>FY 2015<sup>a</sup></b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>Total</b>
Tax Credit	\$0	\$1,109,000	\$1,109,000	\$1,849,000	\$4,067,000

Table Notes

<sup>a</sup> The first year of the credit is Tax Year 2015 which would be paid out in Fiscal Year 2016.

The Taxicab Commission established a retirement schedule for vehicles of certain model years,<sup>3</sup> so it is expected that new vehicles will come online each year. Additionally, because the accessibility requirements are not likely to be met, some of the new vehicles that are put into service will not be accessible and taxicab companies will have to pay the \$50 inaccessibility fee. Due to the tax credit and other operational incentives proposed by the Taxicab Commission,<sup>4</sup> the number of vehicles that would pay this fee is unknown and ORA is unable to provide a reliable revenue estimate at this time.

<sup>2</sup> Assumes 61 vehicles will convert in both 2015 and 2016 and 101 will convert in 2017.

<sup>3</sup> For example, all model year 2001 and 2002 vehicles must be retired by January 1, 2015.

<sup>4</sup> See Taxicab Commission, Notice of Proposed Rulemaking – Amending Chapters 5, 6, and 10 – Modern Taxicab Associations and Vehicle Service Life Rules (for example, longer licensing periods for accessible taxicabs).