


GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: July 11, 2008

SUBJECT: Fiscal Impact Statement: "Taxicab Industry Stabilization
Amendment Act of 2008"

REFERENCE: B17-703

Conclusion

Funds are sufficient in the FY 2008 budget and the proposed FY 2009 through FY 2012 Budget and Financial Plan to implement the provisions of the proposed legislation. The expected loss in license fee revenues can be absorbed by the Taxicab Commission.

Background

The proposed legislation amends Title 50 of the District of Columbia Official code (D.C. Official Code § 50-319; DCMR § 31-500) to impose a moratorium on the issuance of business licenses to operate new taxicab companies, associations, or fleets. The proposed moratorium, if implemented, would not affect the business license applications already in the system.

Financial Plan Impact

Approximately 115 taxicab companies, associations, and fleets serve the District of Columbia.¹ This number has been relatively constant over the past eight years.

Evidence from data on non-tax revenue collections from taxicab business license fees shows a declining trend over the same period (Table 1). The decline in license fee collections could be attributed to the fact that the D.C. Taxicab Commission lacks the capacity to audit all taxicab companies for compliance with regulations set forth in DCMR Title § 31, including the licensing requirements.

¹ Data provided by the D.C. Taxicab Commission.

Table 1 Business License Fees Collected by the D.C. Taxicab Commission, and Estimated Number of Taxicab Companies, 2000-2008									
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Taxicab License Fee Collections	\$102,480	\$99,450	\$88,000	\$79,200	\$81,950	\$99,300	\$97,750	\$88,651	\$71,300

Note: FY 2008 is an estimate.

Source: Office of Revenue Analysis

The proposed moratorium is intended to give the Commission time to catch up with the auditing of all taxicab companies in the District. As a result of the audits, the Commission expects that no more than 20 companies (17 percent of the total count) will lose their licenses. The license revocations could result in losses in business license fee revenues of at most \$12,000 in FY 2009², but the actual loss is likely to be less due to the less-than-full enforcement of fee requirements. The loss in revenues (which are collected in an O-Type fund to support the Taxicab Commission operations) can be absorbed by the Commission, with no further implications on other departments, agencies, or the operation of the District Government.

During the moratorium, the Commission will also implement a number of reforms it is currently working on. According to the D.C Taxicab Commission, the moratorium is expected to continue for 12 to 18 months.

The proposed legislation is estimated to have no impact on local source revenue of the budget and financial plan. Taxicab companies contribute to the city revenues in three ways: they pay license fees (discussed above), corporate income taxes, and motor fuel taxes. Because the taxicab industry is sufficiently competitive, with a large number of companies in operation, the slack from the closed companies will be picked up by existing firms, and this will keep the income and motor fuel tax base revenues constant.

² The estimate of \$12,000 is 17 percent of the estimated revenue collections for business licenses in FY 2008. The actual loss is likely to be less since one reason companies would lose licenses is that they are behind on the license fee payments. In practice, the renewal fees for business licenses depend on the type of business. The fees include \$100 for the renewal of basic business license plus \$100-\$250 per type of business the company is conducting. For example, a company applying to renew a license to operate a taxicab and limousine service would pay \$250 per each service plus \$100 for the basic business license, for a total of \$600.