

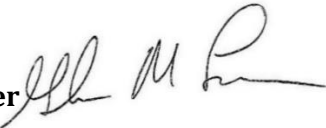
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

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

FROM: Glen Lee
Chief Financial Officer 

DATE: November 21, 2024

SUBJECT: Fiscal Impact Statement – Carrier-for-Hire Regulation and Enforcement
Amendment Act of 2024

REFERENCE: Bill 25-416, Draft Committee Print as circulated on November 20, 2024

Conclusion

Funds are not sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill. The bill's implementation will cost \$200,000 in fiscal year 2025 and \$309,000 over the four-year financial plan period.

Background

The Department of For-Hire Vehicles (DFHV) regulates public and private for-hire vehicles.

The bill establishes a new category of vehicle, carrier-for-hire vehicles, to be regulated by DFHV. A carrier-for-hire vehicle is one used by a private operator to deliver parcels, food, or beverages for compensation through a digital dispatch system. The bill establishes four classes of carrier-for-hire delivery modes according to the following chart:

Class 1	Pedestrians, electric mobility devices, bicycles, electric bicycles, and e-cargo bikes
Class 2	Electrically-powered motorcycles, motor-driven cycles, and other electric-powered vehicles with no more than three wheels on the ground
Class 3	Internal-combustion engine-powered motorcycles, motor-driven cycles, and other vehicles with no more than three wheels on the ground
Class 4	All motor vehicles not classified as a Class 1, 2, or 3 delivery mode

The bill requires a carrier-for-hire company to develop an application process for operators and maintain a registry of operators and their associated carrier-for-hire vehicles. These companies must

also validate with DFHV that they are registered to do business in the District, that they have an agent located in the District, how their digital dispatch system operates, and a visual representation of their company's trade dress.¹ The bill establishes trade dress standards for carrier-for-hire companies. Additionally, a company must submit to DFHV and the District Department of Transportation (DDOT) the registry of operators and vehicles using the company's dispatch system, a data log of deliveries,² and any other information requested by DFHV or DDOT. A company must certify with DFHV every two years that it complies with the bill's requirements and provide any records requested by DFHV to validate compliance.

Carrier-for-hire operators must apply to a company, submit to a background check as required by DFHV, obtain insurance,³ and display the approved trade dress⁴ for the company whose digital dispatch system they operate on.

The bill authorizes DFHV to establish programs to incentivize more sustainable carrier-for-hire vehicles with a preference for class 1 and class 2 modes and a limitation on class 4 modes. DFHV should maintain a public dashboard that displays the delivery mode within the carrier-for-hire industry.

The bill makes several other changes to ensure that the newly established carrier-for-hire vehicles are regulated consistently with other for-hire vehicles by DFHV. This includes ensuring that DFHV works with all District agencies that interact with the carrier-for-hire industry and that vehicle inspection officers can enforce laws and rules against carrier-for-hire vehicles and operators. The bill also eliminates a requirement that DFHV maintain twenty vehicle inspection officers.

Currently, the establishment of carrier-for-hire as a category and the ability of DFHV enforcement officers to enforce traffic violations against these operators is in effect under temporary authority.⁵

The bill applies the same carrier-for-hire trade dress requirements to private vehicles-for-hire.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill. The bill's implementation will cost \$200,000 in fiscal year 2025 and \$309,000 over the four-year financial plan period.

Many of the bill's provisions are consistent with how DFHV regulates private vehicles-for-hire or are currently in effect under temporary authority. To ensure DFHV can expand its operations to cover the carrier-for-hire industry, DFHV will need to enhance its technology platforms to receive, analyze,

¹ Trade dress is a unique marketing logo, insignia, or emblem for display on a vehicle that identifies, distinguishes, and is substantially inseparable from the source of a product or service to differentiate from competitors.

² The data should include the delivery's origination business, miles traveled, approximate delivery location, the date and time of the delivery, cost and fees of the delivery, and the class of carrier-for-hire vehicle.

³ Compulsory/No Fault Motor Vehicle Insurance Amendment Act of 1982, September 18, 1982 (D.C. Law 4-155; D.C. Official Code § 31-2403).

⁴ DFHV may approve an alternate location for displaying the trade dress, such as a helmet or deliver bag, for an operator using a class 1, 2, or 3 carrier-for-hire vehicle.

⁵ Department of For-Hire Vehicles Delivery Vehicle Traffic Enforcement Expansion Temporary Amendment Act of 2024, effective September 4, 2024 (D.C. Law 25-205; 71 DCR 10776).

The Honorable Phil Mendelson

FIS: Bill 25-416, "Carrier-for-Hire Regulation and Enforcement Amendment Act of 2024," Draft Committee

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and report on data related to the industry. The technology enhancements will cost \$190,000 in fiscal year 2025 and \$284,000 over the four-year financial plan period. DFHV also requires additional enforcement resources to support ticket processing and adjudication of \$10,000 in fiscal year 2025 and \$25,000 over the four-year financial plan period.

Carrier-for-Hire Regulation and Enforcement Amendment Act of 2024					
Implementation Costs					
Fiscal Year 2025 - Fiscal Year 2028					
(\$ thousands)					
	FY 2025	FY 2026	FY 2027	FY 2028	Total
System Enhancements	\$190	\$31	\$31	\$31	\$284
Enforcement	\$10	\$5	\$5	\$5	\$25
Total Costs	\$200	\$36	\$36	\$36	\$309