

Regulation of TNCs and Taxi and For-Hire Vehicles

**Presentation to the Washington State Joint Transportation Committee
December 13, 2018**



with David Mendoza and April Rinne

Presentation Objectives

- **Provide project updates for both studies:**
 - **TNCs**
 - **Taxi and For-Hire Vehicles**
- **For each study:**
 - **Follow up information from last presentation**
 - **New information**
- **Next steps**
 - **Report to the Legislature – January 14, 2019**

Project Team

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- David Mendoza, Taxi and For-Hire Strategic Advisor
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I. Transportation Network Companies

What revenue is collected in other places?

- ❑ **Fees collected typically go to:**
 - Cost recovery for regulation and enforcement
 - Transportation purposes
 - Non-transportation purposes

- ❑ **Funds may be collected by:**
 - State for its own purposes
 - State with an allocation to the city or county of trip origin
 - City for its own purposes (so long as there is no pre-emption)

Revenue - States

- **Maryland:** certain counties and municipalities can impose a 25¢ trip fee, collected by the TNC and submitted to the State Comptroller for its Transportation Network Assessment Fund. Remaining revenue is distributed to the city or county that is the source of the revenue.
- **Massachusetts:** a 20¢ trip fee, with 50% for the state's Transportation Infrastructure Enhancement Fund (which includes road and bridge improvements and to support taxis through technology and training) and 50% proportionately to cities and towns based on number of trips.

Revenue - States

- **South Carolina:** 1% fee for all TNC rides for municipalities and counties to spend as they choose. This fee was originally designed to help facilitate a single regulatory framework and to prevent local efforts to charge prohibitively high fees to keep TNCs out.
- **New York:** 4% assessment on all TNC rides that originate anywhere in the state outside of cities with populations above 1 million. Expected to raise \$24M annually for the state's general fund, although legislation to direct this revenue to local bus and commuter rail services is proposed. The state's transportation task force has proposed fees of \$2 to \$5 per ride that would be earmarked for New York City's subway system upgrades.

Revenue - States

- Other states including **Colorado, Texas, Utah, and West Virginia** specifically earmark TNC permit fees to cover operating costs of TNC regulations. In some cases, there is a specific fund, while in other cases it simply refers to “the costs of administering the chapter” of the relevant state code.

Background Checks – Cost and Time

	Cost	Time
Fingerprint- based Background Checks	\$32 - \$38	<i>FBI currently estimates 3-5 business days.</i>
Commercial Background Checks	\$5 - \$30 <i>(Most TNCs pay, so free to driver)</i>	<i>One provider estimates it typically takes 2-3 business days; but can take minutes or up to 2 weeks.</i>

Note: Both systems can face increases in delays when there are surges in demand.

What are the local interests?

- **City right of way and curb access**
- **Consumer protection and public safety**
- **Transportation planning**

Data Clearinghouses

- The **American Association of Airline Executives** established a web-based data clearinghouse developed in partnership with SFO International Airport and available to airports nationwide.
 - Uses geo-fencing to track TNC vehicles on airport property for fee calculation and reconciliation, roadway planning, and curbside enforcement efforts that benefit the airport and its passengers.
- **SharedStreets**, a project of the National Association of City Transportation Officials, is offering a third-party, clearinghouse for data exchange for cities.
 - Setting data standards to describe vehicle activity and infrastructure and anonymizing it to protect individual privacy.

Policy Questions

Whether to regulate?

- Does the State have a role in regulating TNCs?
- Are certain regulations more appropriate at state versus local level?
- What happens if the State doesn't regulate (status quo)?

If you regulate?

- How to leave flexibility to accommodate other models and other mobility/transportation changes?
- How to design for well-resourced, global companies *and* local start-ups?
- Given the growth in the market is there a reason to require greater coverage and/or ensure that everyone is served?

II. Taxi and For Hire Vehicles

Fees

COMPANY LEVEL FEES	TAXI	TNC
STATE Business License Fee	\$110 per location	\$19
STATE Vehicle certificate	\$55/vehicle	N/A
CITY Business License Fee	\$25 - \$2000 (based on gross earnings)	
CITY Regulatory License Fee	\$0; \$125 - \$500	\$0; \$200 - \$2,000; or per-ride fee
PER DRIVER or PER VEHICLE FEES – varies if paid by company or driver		
STATE Business License Fee - for Independent Contractor (IC) drivers	\$19	
CITY Business License – (IC Drivers only)	\$25 - \$55 (or more based on gross earnings)	
STATE Taxi meter inspection	\$25/vehicle	N/A
CITY Driver's For Hire license and application fee	\$20 - \$50	Many cities do not issue licenses for individual TNC drivers and vehicles. (Seattle/King County does, paid for by per-ride fees)
CITY For Hire vehicle license fee	\$20 - \$500/vehicle	
CITY Fingerprinting and criminal background check	\$32 - \$38	Paid for by TNC
CITY For Hire Vehicle Inspection	\$35 - \$100	Paid for by TNC

Fees - Yakima

STATE FEES

For-hire vehicle certificate	Dept. of Licensing	\$55/vehicle
Taxi meter	Dept. of Agriculture, collected through BLS	\$25/meter

LOCAL FEES

Yakima Business License	Yakima	\$42.90
Taxi license	Yakima	\$55/year
City taxi driver's license	Yakima	\$11
City driver application fee	Yakima	\$10
Driver background check fee (DSHS WATCH Check)	Yakima	\$12
Driver fingerprinting fee	Yakima Police Department	\$10
Driver background check (Washington State Patrol)	Yakima	\$38

Insurance

According to those in the insurance industry, a few factors contribute to the high rates for taxi insurance:

- **24/7 Commercial Insurance.** Unlike insurance for TNCs which toggles on/off, taxis are required to be commercially insured at all times, regardless of usage.
- **Slow regulatory approval.** Each new “admitted” plan needs prior approval from Washington State Insurance Commission, decreasing market flexibility.
- **Multiple jurisdictions.** Taxis sometimes must purchase more expensive insurance to meet requirements of particular jurisdictions (e.g., for airports)
- **Higher regulation leads to less competition.** Some local jurisdictions (Seattle/King County) have additional regulatory requirements (e.g., A.M. Best Rating score or universal underwriting) which may protect consumers, but may also discourage some insurance sellers and thus decrease competition.

Policy Questions

If state standards were set for TNC drivers and vehicles should the same be done for taxi and for-hire vehicles?

- Should the State incentivize locals to deregulate taxis or introduce a ceiling?
- Is the most effective way to address the public interest of serving everyone through state regulations to preserve the taxi/for-hire industry?
- Are there adequate wheelchair accessible taxi providers, especially beyond King County?
 - Does the State have a role to ensure access?
- Is there a state role in ensuring adequate drivers for contracted transportation services (Medicaid, Veteran's Affairs, McKinney-Vento), for example, training or reviewing current state and federal regulations to understand the barriers?

Next Steps

- Final report to Legislature on January 14, 2019
- Committee Briefings may be scheduled