

**MEMORANDUM**

July 10, 2015

TO: County Council

FROM: Josh Hamlin, Legislative Attorney 

SUBJECT: **Public Hearing:** Bill 33-15, Taxicabs – Transportation Services Improvement Fund

Bill 33-15, Taxicabs – Transportation Services Improvement Fund, sponsored by Lead Sponsor Councilmember Berliner and Co-Sponsors Vice President Floreen, and Councilmembers Rice, Riemer, Elrich, Katz, Navarro and Hucker, was introduced on June 23, 2015. A Transportation, Infrastructure, Energy and Environment Committee worksession is tentatively scheduled for July 20 at 9:30 a.m.

Bill 33-15 would:

- create a Transportation Services Improvement Fund;
- impose a per-trip surcharge on certain transportation network services to finance the Fund; and
- provide for disbursements from the Fund to be used to improve the delivery of accessible taxicab services

**Background**

In its 2015 session, the Maryland General Assembly passed a law regulating “transportation network companies” (TNCs) – ride-hailing services such as Uber and Lyft. The law, 2015 Laws of Maryland, Chapter 204, effective July 1, 2015, created a new regulatory framework within which TNCs in the State will operate. In addition to its regulatory function, the law also authorizes a county or municipality that licensed or regulated taxicab services on or before January 1, 2015, including Montgomery County, to impose an assessment on TNC trips that originate within the county or municipality. “Assessment” means a charge imposed by a local jurisdiction on each transportation network service that includes a passenger trip. The assessment may be up to 25 cents per trip, other than in an exempt jurisdiction.<sup>1</sup> The revenue generated from the assessments must be used for “transportation purposes.”

Generally, an assessment may not be imposed on a transportation network service by both a county and a municipality. However, in a county that was not authorized to impose an assessment by virtue of licensing or regulating taxicab services on or before January 1, 2015, and that has not

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<sup>1</sup> Baltimore City is the only exempt jurisdiction under the law.

imposed an assessment by July 1, 2016, both the county and a municipality may impose an assessment, subject to specified notification requirements.

Under the law, a transportation network company must:

- collect assessments on behalf of an operator who accepts a request for a ride made through the transportation network company’s digital network;
- collect any assessment, fee, charge, or tax imposed by an exempt jurisdiction on a transportation network service; and
- submit to the Comptroller no later than 30 days after the end of a calendar quarter, or as otherwise specified by the Comptroller in regulations:
  1. the assessments and other revenues collected by the transportation network company on behalf of the transportation network operators;
  2. the allocation of the assessments and other revenues attributable to each county or municipality that has imposed an assessment; and
  3. under oath, a certification that it has submitted the correct amount of assessments and revenues.

The Comptroller must then distribute each quarter the amount necessary to administer the assessments (up to 5% of the revenue from the assessments and other revenues) to an administrative cost account. After making this distribution, within 45 days of the end of each quarter, the Comptroller must then distribute the remaining revenue to the county or municipality that is the source of the revenue.

In its discussion of Bill 54-14, which would have regulated TNCs at the County level,<sup>2</sup> the Transportation, Infrastructure, Energy, and Environment (T&E) Committee considered the problem that TNCs do not generally provide accessible transportation. The T&E Committee discussed the possibility of imposing a surcharge on TNCs and a fund used to incentivize accessible taxicab service. When the General Assembly took up the matter of TNC regulation, Councilmember Berliner advocated on behalf of the authorization of a local charge that was ultimately included in the State law.

Bill 33-15 would impose the charge authorized by the State TNC law, and would create a fund to receive and distribute the revenue generated by the charge. Money from the fund would be used to offset higher costs of operating accessible taxicabs in the County, with the intended effect of increasing the availability of accessible transportation in the County. The Bill would require the Executive to, by regulation, establish the procedure for making disbursements from the fund.

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<sup>2</sup> Virtually all of the provisions of Bill 54-14 would be preempted under the 2015 State TNC law.

Bill No. 33-15  
Concerning: Taxicabs – Transportation  
Services Improvement Fund  
Revised: 06/09/2015 Draft No. 2  
Introduced: June 23, 2015  
Expires: December 23, 2016  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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Lead Sponsor: Councilmember Berliner

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**AN ACT** to:

- (1) create a Transportation Services Improvement Fund;
- (2) impose a per-trip surcharge on certain transportation network services to finance the Fund;
- (3) provide for disbursements from the Fund to be used to improve the delivery of accessible taxicab services; and
- (4) generally amend the law governing the licensing and regulation of taxicabs.

By adding

Montgomery County Code  
Chapter 53, Taxicabs  
Article 8. Transportation Services Improvement Fund  
Section 53-801

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*

1           **Sec. 1. Section 53-801 is added to Chapter 53 as follows:**

2                   **Article 8. Transportation Services Improvement Fund**

3           **53-801. Transportation Services Improvement Fund**

4           **(a) Definitions. In this section:**

5                   **(1) Fund means the Transportation Services Improvement Fund**  
6                   **established in this Section.**

7                   **(2) Transportation Network Services means “Transportation**  
8                   **Network Services” as defined in § 10-101 of the Public Utilities**  
9                   **Article of the Maryland Code.**

10           **(b) Fund established.**

11                   **(1) There is a Transportation Services Improvement Fund created**  
12                   **to improve the delivery of accessible transportation services in**  
13                   **the County;**

14                   **(2) The Fund consists of:**

15                           **(A) all revenue from the surcharge imposed on transportation**  
16                           **network services under this Section;**

17                           **(B) all funds appropriated to it by the County Council; and**

18                           **(C) all funds received by the Fund from any other public or**  
19                           **private entity.**

20           **(c) Per-ride surcharge. There is a \$0.25 surcharge on Transportation**  
21           **Network Services for each trip originating in the County. The**  
22           **surcharge must be collected as provided in § 10-406 of the Public**  
23           **Utilities Article of the Maryland Code.**

24           **(d) Uses of the Fund. Disbursements from the Fund must be used to**  
25           **offset the higher operational costs of accessible taxicab services for**  
26           **owners and operators including, but not limited to:**

27 (A) vehicle costs associated with purchasing and retrofitting  
28 an accessible vehicle;

29 (B) extra fuel and maintenance costs associated with  
30 operating an accessible vehicle; and

31 (C) additional time involved in providing accessible taxicab  
32 services.

33 (e) Disbursements from the Fund. The Executive must by regulation  
34 establish the procedure for determining when and how to make  
35 distributions from the fund to accessible taxicab owners and operators,  
36 including imposing conditions of reimbursement, imposing a  
37 maximum amount of reimbursement, and considering timely  
38 distribution of reimbursement to accessible taxicab owners and  
39 operators.

40 *Approved:*

41 \_\_\_\_\_  
George Leventhal, President, County Council Date

42 *Approved:*

43 \_\_\_\_\_  
Isiah Leggett, County Executive Date

44 *This is a correct copy of Council action.*

45 \_\_\_\_\_  
Linda M. Lauer, Clerk of the Council Date

## LEGISLATIVE REQUEST REPORT

Bill 33-15

### *Taxicabs – Transportation Services Improvement Fund*

**DESCRIPTION:** Bill 33-15 would impose the charge authorized by the State transportation network company (TNC) law, and would create a fund to receive and distribute the revenue generated by the charge. Money from the fund would be used to offset higher costs of operating accessible taxicabs in the County, with the intended effect of increasing the availability of accessible transportation in the County. The Bill would require the Executive to, by regulation, establish the procedure for making disbursements from the fund.

**PROBLEM:** TNCs, now regulated by State law, generally do not, and are not required under State law to, provide wheelchair accessible transportation. While the County has a required percentage of accessible taxicabs, the entry of TNCs into the for-hire transportation market has the effect of diluting the number of accessible vehicles relative to the total number of for-hire vehicles operating in the County.

**GOALS AND OBJECTIVES:** Impose a 25 cent per ride charge on rides provided by TNCs in the County, and use the revenue to fund incentives, in the form of money to offset higher operating costs, for operators of accessible taxicabs.

**COORDINATION:** Department of Transportation  
Department of Finance

**FISCAL IMPACT:** To be requested.

**ECONOMIC IMPACT:** To be requested.

**EVALUATION:** To be requested.

**EXPERIENCE ELSEWHERE:** To be researched.

**SOURCE OF INFORMATION:** Josh Hamlin, Legislative Attorney

**APPLICATION WITHIN MUNICIPALITIES:** To be researched.

**PENALTIES:** Not applicable