MEMORANDUM

July 16, 2015

TO: Transportation, Infrastructure Energy and Environment Committee

FROM: Josh Hamlin, Legislative Attorney

SUBJECT: Worksession: 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 public hearing was held on July 14.

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

1 Baltimore City is the only exempt jurisdiction under the law.
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,² 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.

July 14 Public Hearing

A public hearing on the Bill was held on July 14, with six speakers. Al Roshdieh, Acting Director of the Department of Transportation spoke on behalf of the County Executive in support of the Bill, and suggested that the purpose of the Fund should be expanded to support and improve both accessible and senior transportation initiatives. Seth Morgan, Chair of the Commission on People with Disabilities, expressed the Commission’s strong support for the Bill, pointing out that difficulty securing accessible transportation was a problem before the entry of TNCs into the marketplace, and that TNCs’ presence exacerbates that problem.

² Virtually all of the provisions of Bill 54-14 would be preempted under the 2015 State TNC law.
Beth Levie of the AFL-CIO expressed support for the Bill, saying a priority should be getting more accessible vehicles on the road. Ms. Levie requested that the Fund only be available to companies providing 20% or more accessible vehicles, and suggested that the reference to “additional time involved in providing accessible taxicab services” as a basis for reimbursement is unnecessary and should be removed. Drivers Peter Ibik of the Montgomery County Professional Drivers Union and Norman Shields echoed the need for more accessible vehicles on the road, and supported Beth Levie’s requested changes to the Bill. Carol Tyson of the United Spinal Association spoke in support of the Bill, saying that access to transportation is a civil right, and encouraging the Council to ensure that recipients of funds have received proper training. Ms. Tyson also requested reconsideration of the reference to “additional time involved” in the Bill, saying that funds should only be available to offset higher costs such as fuel, vehicle purchasing, training, and public awareness campaigns.

Issues for Committee Discussion

Should the purpose of the Fund be limited to expanding accessible transportation?

Acting Director Roshdieh, in his testimony, indicated the Executive’s desire that the Fund be available to support and improve transportation to seniors in addition to accessible transportation. Council staff agrees that expanding the purpose of the Fund to serve underserved populations is good policy, and further suggests improving access to transportation for persons of limited income be included within the scope of the Fund’s objectives. Under the Bill, the Executive must set by regulation procedures for when and how disbursements are made from the Fund, including conditions, timing, and amounts. As such, the specifics of how funds would be allocated to serve the objectives of the Fund will be further refined through the adoption of regulations.

Staff recommendation: Expand the purpose of the Bill to include improving transportation to seniors and persons of limited income by amending:

Item (3) of the purpose clause, as follows:

(3) provide for disbursements from the Fund to be used to improve the delivery of accessible taxicab services and transportation to senior citizens and persons of limited income; and

Lines 11-13, as follows:

(1) There is a Transportation Services Improvement Fund created to improve the delivery of:

(A) accessible transportation services in the County;
(B) transportation for senior citizens; and
(C) transportation for persons of limited income.
(d) *Uses of the Fund.* Disbursements from the Fund must be used to:

1. offset the higher operational costs of accessible taxicab services for owners and operators including, but not limited to:
   
   A. vehicle costs associated with purchasing and retrofitting an accessible vehicle;
   
   B. extra fuel and maintenance costs associated with operating an accessible vehicle; and
   
   C. additional time involved in providing accessible taxicab services; or

2. provide incentives for improving or expanding transportation options for:
   
   A. senior citizens; or
   
   B. persons of limited income.

(e) *Disbursements from the Fund.* The Executive must by regulation establish the procedure for determining when and how to make distributions from the Fund to [[accessible]] taxicab owners and operators, including imposing conditions of reimbursement, imposing a maximum amount of reimbursement, and considering timely distribution of reimbursement to [[accessible]] taxicab owners and operators.
Should the permissible uses of the Fund with regard to accessible transportation be expanded or narrowed?

Several speakers at the public hearing requested that the Council reconsider or delete the provision of the Bill including “additional time involved in providing accessible taxicab services” as a basis for reimbursement. These requests came from both drivers and a representative of the disability community. Council staff does not believe it is necessary to remove the reference, but given the fact that the requests have come from representatives of both groups of intended beneficiaries of the Bill (recipients of funds and consumers of accessible transportation), believes the Committee may wish to give them credence. In any event, because of the way the subsection 53-801(d) is worded, the deletion of the provision in question would not be overly restrictive of the use of the Fund.

The need for proper training of accessible taxicab operators was referenced at the public hearing by Carol Tyson of the United Spinal Association. Council staff believes that reference to costs of training as a basis for reimbursement from the Fund would be appropriate, and could be done by adding a new paragraph to subsection 53-801(d) identifying costs of training as a basis for reimbursement from the Fund.

Staff recommendation: Add the following after line 32:

(D) costs associated with receiving training in providing accessible transportation services.

Should disbursements from the Fund be limited to fleets or associations with at least 20% accessible vehicles?

Speakers at the public hearing representing the drivers’ perspective requested that disbursements from the Fund only go to fleets or associations with at least 20% accessible vehicles. At the present time, there are no such companies. While the attainment of a minimum of 20% accessible vehicles in fleets and associations may be a desirable policy objective, Council staff believes that limiting disbursements in the law is not the best way to reach that goal. First, the requested change would preclude direct disbursements to an individual driver who may own (or wish to own) an accessible vehicle, but needs assistance to cover the additional costs. To exclude such a driver from obtaining assistance from the Fund could have the effect of keeping an accessible vehicle off the road. Also, there is nothing in the Bill as drafted that would preclude the Executive, by regulation, from imposing such a condition on disbursements to fleets or associations. In fact, this possibility is considered in the language of the Bill that authorizes the Executive to adopt regulations “imposing conditions of reimbursement . . .”

Staff recommendation: Council staff believes it is important that there be flexibility in the law for permissible uses of the Fund, provided the uses further the policy objectives established. To retain this flexibility, and because there is room in the existing Bill to impose conditions on disbursements through regulation, staff does not recommend making this change.
When should the Bill take effect?

The State law authorizing the County to impose the charge (© 9) provides that “a county or municipality that imposes an assessment shall notify the Comptroller of: (1) the amount of the assessment; and (2) any change in the assessment amount at least 120 days before the new amount takes effect.” (emphasis supplied) (See © 10-11) While it is not clear whether the initial imposition of the charge is a “change in the amount,” a reasonable argument could be made that it is and, as practical matter, the administrative burden on the Comptroller to initiate collection of a charge is at least as great as a change in the amount. Also, the County will be the first jurisdiction to impose a charge under the new law, so it is likely that the collection apparatus is not yet functional.

Staff recommendation: In consideration of the language in the State law and the timing of the County’s enactment, add a new Section 2 to the Bill making the effective date 120 days after the Bill becomes law, as follows:

Sec. 2. This Act takes effect 120 days after it becomes law.
COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Berliner

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

The County Council for Montgomery County, Maryland approves the following Act:
Sec. 1. Section 53-801 is added to Chapter 53 as follows:

Article 8. Transportation Services Improvement Fund

53-801. Transportation Services Improvement Fund

(a) Definitions. In this section:

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

(2) Transportation Network Services means "Transportation Network Services" as defined in § 10-101 of the Public Utilities Article of the Maryland Code.

(b) Fund established.

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

(2) The Fund consists of:

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

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

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

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

(d) Uses of the Fund. Disbursements from the Fund must be used to offset the higher operational costs of accessible taxicab services for owners and operators including, but not limited to:
(A) vehicle costs associated with purchasing and retrofitting an accessible vehicle;
(B) extra fuel and maintenance costs associated with operating an accessible vehicle; and
(C) additional time involved in providing accessible taxicab services.

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

Approved:

__________________________
George Leventhal, President, County Council Date

Approved:

__________________________
Isiah Leggett, County Executive Date

This is a correct copy of Council action.

__________________________
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
TESTIMONY ON BEHALF OF COUNTY EXECUTIVE ISIAH LEGGETT ON BILL 33-15, TAXICABS – TRANSPORTATION SERVICES IMPROVEMENT FUND

July 14, 2015

Good afternoon, Council President Leventhal and members of the Council. I am Al Roshdieh, Acting Director of the Department of Transportation. I’m here today to testify on behalf of County Executive Isiah Leggett on Bill 33-15, Taxicabs - Transportation Services Improvement Fund.

The County Executive supports this bill. The Executive believes the special fund should be available to support and improve both accessible and senior transportation initiatives. Our disabled and senior communities need reliable transportation options, and setting aside the 25 cent surcharge for this is not only responsible but, at its core, simply the right thing to do.

Thank you for the opportunity to provide feedback on this bill, and I look forward to working with the Council to finalize this bill.
My name is Seth Morgan, Chairman of the County's Commission on People with Disabilities.

The Commission on People with Disabilities strongly supports passage of Bill 33-15, Taxicabs—Transportation Service Improvement Fund.

At present there is a shortage of readily accessible taxicabs in service in the County and entry of "transportation network companies" (TCNs) will exacerbate this problem. People with disabilities must have equitable access to for-hire transportation services within the County. Even before the expected influx of new TCNs, the difficulty a person with a disability has getting for-hire car services is critical. Due to current taxi service limitations, a person with a disability who needs an accessible vehicle must give at least a twenty four hour advance notice to reserve an accessible car due to the paucity of accessible taxis in service at any given time in the County.

Entry of TCN's into the County will aggravate this problem as drivers in these TCNs work as private contractors using their personal vehicles and no requirements to have accessible vehicle availability applies to these services.

Requiring a twenty five cent surcharge for Lyft or Uber trips originating in the County with the proceeds collected being used to assure accessible taxi service availability for people with disabilities is the right thing to do. This could be done by using these funds to subsidize taxi drivers who rent accessible taxis or providing certain dollar amount to the drivers of each accessible ride.

We applaud the County Council for proposing this bill and thank Mr. Berliner for advocating for this initiative at the State level.

Seth A. Morgan, MD
United Spinal Association

Testimony

Submitted by

Carol Tyson
Director, Disability Policy

For the

Montgomery County, Maryland
County Council

Regarding

Bill 33-15, Taxicabs – Transportation Services Improvement Fund

July 14, 2015
Councilmembers and staff thank you for the opportunity to offer testimony regarding Bill 33-15. My name is Carol Tyson. I am the Director of Disability Policy for United Spinal Association. United Spinal is the largest disability-led nonprofit organization serving and representing the interests of more than a million Americans living with spinal cord injuries and disorders. We hold that access to transportation is a civil right. People with disabilities who reside or work in Montgomery County, or who visit, must have equal access to all transportation options, including taxi and transportation network company (TNC) service.

United Spinal supports this bill and the creation of a Transportation Services Improvement Fund. We commend the council for recognizing the diluting effect inaccessible TNCs have had on the percentage of accessible for-hire vehicles in the market, and believe measures must be taken to ensure for-hire vehicle service is available to all. Each additional accessible taxi on the road provides life-changing service to wheelchair users — granting convenient, and at times the only available, transportation to work, school, appointments, and arts and culture. Accessible taxis can provide back-up transportation when Metro elevators are broken, or late at night when public transportation, including paratransit, is no longer running. Accessible transportation ensures that each and every one of us, and those we care about, can remain active should we find ourselves living with a temporary or permanent disability.

United Spinal encourages the Council and regulating authorities to ensure accessible taxi operators receiving these funds are complying with training as required by the Americans with Disabilities Act (ADA), and that accessible taxis purchased are providing service as intended and comply with ADA standards.

Finally, United Spinal urges the council to reconsider providing funds for the “additional time involved in providing accessible taxicab services” (§53-801 (d)(C)). Providing funds for additional time is, in effect, creating a subsidy for providing service to people with disabilities and amounts to unintended discrimination. It may take passengers without disabilities additional time to enter a vehicle if they are carrying bags. On some buses passengers may take additional time when loading their bike. We would not consider paying these drivers additional funds for transporting these passengers. We would not pay increased wages to restaurant wait staff for taking the order of a person with a disability or any other public accommodation who is required, by law, to provide equal levels of service to all patrons. The time it takes to provide quality service should be considered part of the cost of doing business with any customer. Funds should be limited to offsets such as additional gas, vehicle purchasing, creation of quality training, and public awareness campaigns to ensure potential passengers are aware of the additional service options.

In just a few weeks the nation will be celebrating the 25th anniversary of the ADA, legislation that continues to promote the inclusion and contribution of people with disabilities in everyday life, though barriers remain. United Spinal thanks the Council for lifting up one of the remaining barriers and ensuring accessibility to for-hire vehicle service.
Effective: July 1, 2015

Definitions

(a)(1) In this section the following words have the meaning indicated.

(2) “Assessment” means a charge imposed by a local jurisdiction on each transportation network service that includes a passenger trip during transportation network coverage period three as described in § 10-101(n)(1)(iii) of this title.

(3) “Exempt jurisdiction” means a county or municipality that imposed a tax, fee, or charge on for-hire transportation services provided on a per ride or per passenger basis in that county or municipality on or before January 1, 2015.

Authority of exempt jurisdiction not limited

(b) This section does not limit the authority of an exempt jurisdiction to impose an assessment, a tax, a fee, or a charge on for-hire transportation services, including transportation network services.

Authority of counties and municipalities

(c)(1) In accordance with subsections (d) and (e) of this section, a county or municipality may impose an assessment under this section.

(2) Except in an exempt jurisdiction, an assessment authorized by this section may not exceed 25 cents per trip.

(3) Except as provided in subsection (e)(2) of this section and subject to the limitation in paragraph (2) of this subsection, an assessment may not be imposed on a transportation network service by both a county and a municipality.
(4) The revenue generated from an assessment authorized under this section shall be used for transportation purposes.

Trip origination assessment

(d) A county or municipality that licensed or regulated taxicab services on or before January 1, 2015, either directly or through the Commission as provided in § 10-202 of this title, may impose an assessment on trips that originate within the county or municipality.

Imposition of assessment by county

(e)(1) This subsection applies to a county that:

(i) is not authorized to impose an assessment under subsection (d) of this section; and

(ii) has not imposed an assessment by July 1, 2016.

(2) Before the county may impose an assessment in a municipality, the county shall:

(i) notify the municipality of the county's intent to impose an assessment on transportation network services that originate in the municipality; and

(ii) provide the municipality reasonable time to pass an ordinance authorizing the imposition of an assessment.

(3) Before a municipality may impose an assessment, the municipality shall:

(i) notify the county of the municipality's intent to impose an assessment; and

(ii) if the county imposes an assessment, provide the county reasonable time to notify the Comptroller before the municipality's assessment becomes effective.

(4) Notwithstanding paragraphs (2) and (3) of this subsection, a county and municipality may enter into an agreement to share revenues and allocate them in any manner.

Notice to Comptroller

(f) A county or municipality that imposes an assessment shall notify the Comptroller of:
(1) the amount of the assessment; and

(2) any change in the assessment amount at least 120 days before the new amount takes effect.

Collection, remittance, accounting, and use of revenues

(g)(1) This subsection governs the collection, remittance, accounting, and use of revenues from assessments imposed by a county or municipality under this section.

(2) A transportation network company shall:

(i) collect assessments on behalf of an operator who accepts a request for a ride made through the transportation network company's digital network;

(ii) collect any assessment, fee, charge, or tax imposed by an exempt jurisdiction on a transportation network service; and

(iii) 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 based on where the trip originated; and

3. under oath, a certification that it has submitted the correct amount of assessments and revenues.

(3)(i) Subject to subparagraph (ii) of this paragraph, from the assessments and revenues imposed by counties and municipalities, the Comptroller shall distribute each quarter the amount necessary to administer the assessments to an administrative cost account.

(ii) The amount distributed to the administrative cost account may not exceed 5% of the revenue from the assessments and other revenue.

(4) After making the distribution required by paragraph (2) of this subsection, within 45 days of the end of each calendar quarter, the Comptroller shall distribute the remaining revenue to the county or municipality that is the source of the revenue.
(5)(i) The Comptroller may inspect, at a transportation network company's place of business or a mutually agreed location, no more than annually, records necessary to ensure that the transportation network company has remitted to the Comptroller the correct revenues and allocations.

(ii) Records provided to the Comptroller by a transportation network company under this subsection are not subject to release under the Maryland Public Information Act or any other law.

(iii) Subject to subparagraph (iv) of this paragraph, the Comptroller may not disclose records or information provided by a transportation network company unless the disclosure is required by a subpoena or court order.

(iv) If a subpoena or court order requires the Comptroller to disclose information provided by a transportation network company, the Comptroller shall promptly notify the transportation network company before disclosing the information.

(6) The Comptroller may adopt regulations or other requirements or procedures to carry out the provisions of this section, including requirements and procedures regarding the administration, collection, and enforcement of the assessment.

CREDIT(S)

Added by Acts 2015, c. 204, § 1, eff. July 1, 2015.

HISTORICAL AND STATUTORY NOTES

2015 Legislation

Acts 2015, c. 204, § 5, provides:

"SECTION 5. AND BE IT FURTHER ENACTED, That this Act may not be construed to authorize a transportation network company to be out of compliance with applicable regulations adopted by the Public Service Commission in accordance with the Public Utilities Article, as amended by this Act."

MD Code, Public Utilities, § 10-406, MD PUBLIC UTIL § 10-406

Current through July 1, 2015 legislation of the 2015 Regular Session of the General Assembly

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