


MEMORANDUM

April 20, 2018

TO: County Council

FROM: Josh Hamlin, Legislative Attorney 

SUBJECT: Expedited Bill 13-18, Taxicabs – Transportation Services Improvement Fund – Use of Fund

PURPOSE: Public Hearing – No Council votes required.

Expedited Bill 13-18, Taxicabs – Transportation Services Improvement Fund – Use of Fund, sponsored by Lead Sponsor Council President at the request of the County Executive, was introduced on April 3, 2018. A Transportation, Infrastructure, Energy and Environment Committee worksession will be scheduled at a later date.

Bill 13-18 would expand the purpose and use of the Transportation Services Improvement Fund to allow its use “for transportation purposes in the County.”

Background

In 2015, the Council enacted Bill 33-15 to impose a charge authorized by the State in its then-newly enacted law regulating “transportation network companies” (TNCs) – ride-hailing services such as Uber and Lyft. In addition to imposing the charge, Bill 33-15 created the Transportation Services Improvement Fund to receive and distribute the revenue generated by the charge. Money from the Fund is to be used to offset higher costs of operating accessible taxicabs in the County, and to provide incentives for improving or expanding transportation options for eligible senior citizens and persons of limited income. The Bill required the Executive to establish the procedure for making disbursements from the Fund by regulation.

The State law that authorized the charge imposed under Bill 33-15 was enacted by the Maryland General Assembly in its 2015 session to regulate TNCs statewide. 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. The revenue generated from the assessments must be used for “transportation purposes.”

The Transportation, Infrastructure, Energy, and Environment (T&E) Committee first considered such an assessment in its discussion of Bill 54-14, which would have regulated TNCs at the County level. The T&E Committee considered the problem that TNCs generally do not provide accessible transportation and generally do not participate in programs such as Call-n-Ride, a County subsidized taxi service program for low-income seniors (65 and older) and low-income persons with disabilities (aged 18-64). In view of the ascendancy of ride-hailing services as transportation providers, and in order to improve accessible transportation, the T&E Committee discussed the possibility of imposing a surcharge on TNCs and a creating 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 the local charge that was ultimately included in the State law.

Under current law, the Fund must be used: (1) to offset the higher operational costs of accessible taxicab services for owners and operators; or (2) to provide incentives for improving or expanding transportation options for eligible senior citizens or persons of limited income. Bill 13-18 would remove the existing requirements in the law that limit the purposes and uses of the Fund to offsetting additional costs associated with providing accessible transportation and providing incentives to improve or expand transportation options for eligible senior citizens and persons of limited income. It would instead allow use of the fund for any transportation purpose in the County.

The Fund's revenues and expenditures since its inception, as well as its fund balance, are as follows:

Revenue

Taxi Network transportation fee (FY16)	\$263,731.63
Taxi Network transportation fee (FY17)	\$1,295,383.18
Taxi Network transportation fee (FY18 YTD)	<u>\$1,340,979.61</u>
Total Revenue	\$2,900,094.42

Expenditures

Taxi network transportation fee FY18 spent:	\$35,882.80
Taxi network transportation fee FY18 encumbered:	<u>\$25,670.00</u>
Total FY18 YTD spent/encumbered:	\$61,552.80

Fund Balance

\$2,838,541.62

Additionally, the Executive's recommended FY19 operating budget reflects an additional \$1.3 million in anticipated non-restricted revenue attributable to the Fund in FY19.

This packet contains:

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Expedited Bill No. 13-18
Concerning: Taxicabs – Transportation
Services Improvement Fund – Use of
Fund
Revised: 03/26/2018 Draft No. 1
Introduced: April 3, 2018
Expires: October 3, 2019
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

- (1) provide for disbursements from the Transportation Services Improvement Fund for any transportation purpose; and
- (2) generally amend the law governing the licensing and regulation of taxicabs.

By amending

Montgomery County Code
Chapter 53, Taxicabs
Section 53-801

Boldface	<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 amended as follows:**

2 **53-801. Transportation Services Improvement Fund.**

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

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

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

9 (b) *Fund established.*

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

12 (A) accessible transportation services in the County;

13 (B) transportation for eligible senior citizens; and

14 (C) transportation for persons of limited income] to be used for
15 transportation purposes in the County.

16 (2) The Fund consists of:

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

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

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

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

26 (d) [*Uses*] *Use of the Fund.* Disbursements from the Fund must only be used
27 [*to*] for transportation purposes in the County. [:

(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) costs associated with receiving training in providing accessible transportation services; and

(C) additional time involved in providing accessible taxicab services; or

(2) provide incentives for improving or expanding transportation options for:

(A) eligible 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 taxicab owners and operators, including setting eligibility standards, imposing conditions of reimbursement, imposing a maximum amount of reimbursement, and considering timely distribution of reimbursement to taxicab owners and operators.]

Sec. 2. Expedited Effective Date.

The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date on which it becomes law.

Approved:

Hans D. Riemer, President, County Council

Date

LEGISLATIVE REQUEST REPORT

Expedited Bill 13-18

Taxicabs – Transportation Services Improvement Fund – Use of Fund

DESCRIPTION: Expedited Bill 13-18 would amend Section 53-801 of the County Code regarding the purpose, use and disbursements from the Transportation Services Improvement Fund to expand allowable use of the Fund to any transportation purpose in the County.

PROBLEM: Money from the Fund must be used to offset higher costs of operating accessible taxicabs in the County, and to provide incentives for improving or expanding transportation options for eligible senior citizens and persons of limited income. The current law is too restrictive in how funds may be used.

**GOALS AND:
OBJECTIVES** Provide flexibility to use funds for any transportation purpose in the County.

COORDINATION: Office of the County Executive
Office of Management and Budget
Department of Transportation

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.

Bill



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

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MEMORANDUM

March 15, 2018

TO: Hans Riemer, President, County Council

FROM: Isiah Leggett, County Executive *Isiah Leggett*

SUBJECT: Transportation Services Improvement Fund

The purpose of this memorandum is to transmit the proposed expedited bill amending Section 53-801 of the County Code regarding disbursements from the Transportation Services Improvement Fund to expand use to transportation purposes in the County. The existing regulation (ER 1-17) will continue to govern when making disbursements for accessible transportation services, transportation for eligible senior citizens, and transportation for persons of limited income.

Thank you for your expedited consideration.

IL:brg

Attachment:

c: Timothy L. Firestine, Chief Administrative Officer
Jennifer A. Hughes, Director, Office of Management and Budget
Alexandre A. Espinosa, Director, Department of Finance
Al Roshdieh, Director, Department of Transportation
Bonnie Kirkland, Assistant Chief Administrative Officer

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Fiscal Impact Statement
Bill 13-18 Taxicabs - Transportation Services Improvement Fund - Use of Fund

1. Legislative Summary

The bill amends Section 53-801 of the County Code regarding disbursements from the Transportation Services Improvement Fund to expand use to transportation purposes in the County.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

There are no changes to revenues and expenditures.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

There are no changes in future revenue and expenditures estimates.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

Not applicable.

5. An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.

Not applicable.

6. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

Not applicable.

7. An estimate of the staff time needed to implement the bill.

No additional staff time is needed.

8. An explanation of how the addition of new staff responsibilities would affect other duties.

Not applicable.

9. An estimate of costs when an additional appropriation is needed.

Not applicable.

10. A description of any variable that could affect revenue and cost estimates.

Not applicable.

11. Ranges of revenue or expenditures that are uncertain or difficult to project.

Not applicable.

12. If a bill is likely to have no fiscal impact, why that is the case.

The bill simply provides additional flexibility for the use of funds collected.

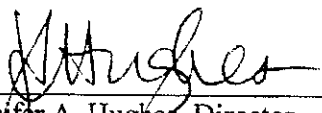
13. Other fiscal impacts or comments.

No fiscal impacts.

14. The following contributed to and concurred with this analysis:

Brady Goldsmith, Office of Management and Budget

Fred Lees, Department of Transportation



Jennifer A. Hughes, Director
Office of Management and Budget

4/17/18
Date

Economic Impact Statement
Expedited Bill 13-18, Taxicabs – Transportation Services Improvement Fund –
Use of Fund

Background: The proposed legislation would amend Section 53-801 of the County Code as follows:

- Provide for disbursements from the Transportation Services Improvement Fund (TSIF) for *any* transportation purpose.

1. The sources of information, assumptions, and methodologies used.

There are no sources of information, assumptions, and methodologies used by the Department of Finance in the preparation of the economic impact statement.

2. A description of any variable that could affect the economic impact estimates.

There are no variables that could affect the economic impact estimates.


3. The Bill's positive or negative effect, if any on employment, spending, savings, investment, incomes, and property values in the County.

Because Expedited Bill 13-18 allows for the use of the TSIF to support *any* transportation purpose, it would have no positive or negative effect on employment, spending, savings, investment, incomes, and property values in the County.

4. If a Bill is likely to have no economic impact, why is that the case?

Expedited Bill 13-18 would have no economic impact as noted in paragraph 3.

5. The following contributed to or concurred with this analysis: David Platt and Rob Hagedoorn, Finance; and Brady Goldsmith, OMB.



Alexandre Espinosa, Director
Department of Finance

4/12/2018
Date