



Committee: T&E
Committee Review: At a future date
Staff: Glenn Orlin, Senior Analyst
Purpose: To introduce agenda item – no vote expected
Keywords: #taxi fees

AGENDA ITEM #5N
November 9, 2021
Introduction

SUBJECT

Resolution to reduce taxicab fees for drivers, passenger vehicle license holders and fleet operations

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

A public hearing is scheduled for November 30, 2021. Subsequently the Transportation and Environment Committee will hold a worksession on this and other taxi-related matters.

SUMMARY OF KEY DISCUSSION POINTS

The Executive recommends reducing or eliminating some of the taxi-related fees to bolster the taxi industry, which has been flagging due to the pandemic and competition from Transportation Network Companies (TNCs) such as Lyft and Uber. The Committee wishes to widen the discussion to address further ways to improve taxi service, especially for persons with disabilities.

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OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

November 2, 2021

TO: Tom Hucker, Council President
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Reducing and simplifying certain taxicab fees

I am transmitting the attached proposed resolution regarding reducing and simplifying certain taxicab fees. This resolution reduces and simplifies certain fees that fleet operators, Passenger Vehicle License holders (PVL), and drivers pay to the county to operate a taxicab.

At the November 12, 2019 Taxicab Services Commission (TSC) meeting, commission members requested that the Montgomery County Department of Transportation (MCDOT) explore the possibility of reducing certain taxicab fees. Commission members believe that these fees serve as a barrier to entry into the industry and deter driver recruitment. The TSC established a subcommittee to examine the rates and fees associated with operating a taxicab in Montgomery County, and that subcommittee provided new fee recommendations.

For various reasons, including the growth and success of Transportation Network Companies (TNC) such as Uber and Lyft which compete with traditional taxicab companies, the taxi industry has suffered a significant drop in driver participation. The COVID-19 pandemic further hampered the taxi industry, and MCDOT estimates that there are approximately 15 percent fewer drivers in the taxicab industry now than before the start of the pandemic. I believe that reducing fees will renew interest in the taxicab industry as a profession, increase driver retention, and eliminate substantial barriers to entry.

In addition, as the County continues to focus on racial equity and social justice issues, it is important to note that many of our community's taxicab drivers are first-generation immigrants. Reducing burdensome fees would be a small step to help address economic inequity in the transportation industry where the County's taxicab industry competes against TNCs. Moreover, the County's current fee structure regulation for the taxicab industry is higher than surrounding

jurisdictions and it is necessary to reduce certain fees to keep the County a competitive place to provide taxicab service.

Furthermore, a strong and robust taxicab industry is important to the health and welfare of many vulnerable County residents who may not be adequately served by TNCs. Accordingly, the Montgomery County Transportation Services Improvement Fund (TSIF) was established in 2015 to improve the delivery of accessible transportation services and transportation services for eligible seniors and persons of limited income. To that end, regulations promulgated by MCDOT were adopted to specifically address the lack of wheelchair-accessible transportation services available through TNCs. MCDOT's goal was to incentivize the taxicab industry to address the growing need for wheelchair-accessible transportation services for County residents. Wheelchair accessible trips provided by the County's licensed taxi operators have nearly doubled between FY18 and FY19 to nearly 15,000 trips per year. Montgomery County also partners with the taxicab industry through the Call-N-Ride program to serve more than 5,500 County residents who have limited income. Without a robust taxicab industry, these vulnerable residents will experience severe service impacts, further justifying a reduction in certain fees.

The following recommended fee changes would help support the taxicab industry.

Driver identification card fees:

- Eliminate the \$20 application fee for the taxi operator identification card (ID). Currently, new drivers must pay a \$20 application fee and a first-year license fee of \$50. The elimination of the application fee would help reduce a barrier for entry for a new driver who may be an individual with limited income.
- Reduce the two-year taxicab operator ID fee renewal from \$150 to \$100. Under the current fee structure, drivers must pay \$150 for a two-year identification card renewal. The current cost of a one-year ID renewal is \$75. By reducing the cost of a two-year license, drivers are incentivized to commit to two years of service in the taxicab industry. Drivers would save \$50 under the new structure and would benefit by eliminating the need to take time to revisit the Taxicab Office on an annual basis to renew their IDs.
- Eliminate the \$20 test fee. The Taxicab Office no longer administers this test. Therefore, the fee should be administratively eliminated from the resolution and fee schedule.

Passenger Vehicle License fees:

- Reduce the individual application fee for a new PVL from \$500 to \$100.
- Reduce the fee for placing a new taxicab PVL into service for an individual from \$5,000 to \$2,500. This change would address an equity issue as this new price would mirror the amount that a well-capitalized taxicab fleet currently pays.
- Lower the annual renewal fee of a PVL from \$495 to \$250. This fee reduction would more equitably align the county with neighboring jurisdictions.

- Implement a flat \$50 inspection fee. The County charges an initial \$50 fee per vehicle at the time the vehicle is placed into service. Vehicles are then subject to two separate annual inspections – 1) a mechanical inspection, which is performed to state standards by a licensed state inspector, and 2) a cosmetic inspection. The cosmetic inspection is performed by MCDOT staff and consists of checking the vehicle for cleanliness as well as ensuring that the required taxicab equipment is operational. The cosmetic inspection also verifies that the vehicle’s paint scheme and other identifiers adhere to County specifications. The current fee structure for a cosmetic re-inspection is \$25 for the initial re-inspection, \$75 for the second re-inspection, and \$150 for the third re-inspection. Having a flat fee eliminates confusion and allows owner/drivers and fleet operators to save on costs.

It is important to note that MCDOT is not recommending reducing the Passenger Vehicle License Transfer fee as recommended by the TSC’s subcommittee. Currently, fleets and drivers pay this fee to transfer any PVL to another fleet or driver. However, if the PVL will be transferred and reactivated as a wheelchair-accessible vehicle (WAV), the TSIF will reimburse the fleet or driver for the transfer fee. Having this fee serves as a disincentive for the fleets and drivers to transfer traditional (non-accessible) sedans and becomes an incentive to transition the vehicle to a WAV. The fee is currently set as follows: \$3,995 per PVL for up to four PVLs, \$10,000 base plus \$500 per PVL from 5-100 PVLs, and \$58,000 base plus \$250 per PVL for 101 or more PVLs. Owners who switch to a WAV are eligible for reimbursement of the transfer fee. This incentive structure is the result of Bill 53-14 which was enacted in 2015 and requires MCDOT to develop a plan to increase the number of accessible taxicabs, with the goal of having 100 percent accessible taxicabs in the County by 2025.

Prior to the last decade, the taxi program was essentially self-supporting through the collection of the various fees – i.e., the fees offset the program’s budgeted personnel and operating expenses. The annual budget of the Taxi Office is approximately \$740,000. As TNCs have steadily grown, the taxi industry has steadily declined, and the budget has trended to more heavily relying on revenues from the Mass Transit Fund, with revenues from fees totaling \$493,000 in FY18, \$377,000 in FY19, and \$210,000 in the pre-pandemic nine months of FY20. FY22 fee revenue is budgeted at only \$200,000 to reflect the current state of the industry coming out of the pandemic.

Implementing the fee changes outlined above will result in an overall decrease in revenue estimated at approximately \$95,000, further increasing reliance on the Mass Transit Fund. Using pre-pandemic data, between fiscal years 2018 and 2019, the taxicab industry experienced a 15 percent drop in new applications and new identification cards issued. The above estimate, and the chart below, reflect a combined revenue loss with the new fees and a continued 15 percent decrease in taxicab related services into fiscal year 2022.

In response to County and State efforts to mitigate the spread of COVID-19 and to assist the taxicab industry, which has experienced a 90 percent decrease in ridership due to the pandemic, MCDOT has not collected fees since March 14, 2020. Reducing and simplifying the current fee

structure upon the resumption of the department collecting fees will assist the struggling industry while the County reopens.

It is important to note that MCDOT has experienced a significant uptick in services associated with the Transportation Services Improvement Fund (TSIF). The increase in TSIF related services, the influx of motivated new drivers, and the return of former drivers who may have been forced out of the industry due to high costs could help mitigate a long-term revenue decrease.

Suggestions from the TSC’s subcommittee on rates and fees are reflected in these recommendations. MCDOT appreciates the group’s due diligence and their recommendation in support of reducing taxicab fees.

	Initial Driver Identification Card (ID) Applications	Two-Year Driver ID renewal fee	Application fee for new PVL	Annual PVL renewal fee	Vehicle inspection fee	New PVL in service fee (Individual)
Old Fee	\$20	\$150	\$500	\$495	Between \$25 and \$150	\$5,000
New Fee	\$0	\$100	\$100	\$250	\$50	\$2,500
Expected Change	-\$1,040	-\$9,450	*	-\$88,935	+\$4,275	*

*MCDOT does not anticipate issuing any new PVLs in FY22.

Your consideration of this proposed resolution is appreciated.

LEGISLATIVE REQUEST REPORT

Resolution XX-XXXX

Fees – Reduction and simplification of certain Taxicab Fees

DESCRIPTION: This resolution reduces and simplifies certain fees that fleet operators, Passenger Vehicle License (PVL) holders, and drivers pay to operate a taxicab in Montgomery County.

PROBLEM: Fees currently being charged to operate a taxicab in Montgomery County are notably higher than in neighboring jurisdictions. These costs act as a deterrent to individuals seeking employment in the taxicab industry. The high costs are also burdensome to small business individual owner-operators as well as taxicab fleet operators in the county.

OBJECTIVE: Reduce and simplify fees to eliminate barriers to entry into the taxicab industry and ease the financial burden to fleet operators and PVL holders.

COORDINATION: Department of Transportation

FISCAL IMPACT: Office of Management and Budget

ECONOMIC IMPACT: Office of Legislative Oversight

EVALUATION: To be requested

EXPERIENCE ELSEWHERE: Inapplicable

SOURCES OF INFORMATION: Walton Harris
Policy Analyst, Taxicab Office
Department of Transportation
240-777-7193

APPLICATION WITHIN MUNICIPALITIES: Inapplicable

PENALTIES: Inapplicable

Fiscal Impact Statement

**Bill XX-XXXX, Montgomery County Department of Transportation – Taxicab Regulation
– Reduction and Simplification of Certain Taxicab Fees**

1. Legislative Summary

This revised resolution reduces and simplifies certain fees that fleet operators, Passenger Vehicle Licensees (PVL), and drivers pay to operate a taxicab in Montgomery County. The Department of Transportation expects that these fee changes, recommended by the Taxicab Services Commission, will help lower barriers of entry to individuals seeking to operate or sublease a taxicab in Montgomery 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.

Revenues: Fee changes are shown in the table below. Implementing these fee changes would result in a decrease of approximately \$95,000 in FY22, based on the fee collections included in the approved budget.

	Initial Driver Identification Card (ID) Application	Two-Year Driver ID Renewal Fee	Application Fee for a New PVL	Annual PVL Renewal Fee	Vehicle Inspection Fee	New PVL in Service Fee
Old Fee	\$20	\$150	\$500	\$495	Between \$25 and \$150	\$5,000
New Fee	\$0	\$100	\$100	\$250	\$50	\$2,500

Furthermore, the Taxicab Services Commission’s annual report indicated that from FY18 to FY19, the taxicab industry experienced a 15 percent rate of contraction. Fees were not collected for a portion of FY20 and for the entirety of FY21 in response to Maryland’s State of Emergency Order due to COVID-19. Fees associated with this reduction include the taxi application fee, the two-year identification card fee, the PVL annual renewal fee and the fee for placing a new taxicab vehicle into service. The fee for annual cosmetic inspections required by the County has been changed from a tiered amount to a flat fee.

Expenditures: No impact on County expenditures due to this change is anticipated.

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

Projected taxicab fee revenues shown below assume a contraction of the taxicab industry by 15 percent in FY23, expected to flatten in FY24. A five percent increase is then projected every year from FY25 to FY28.

Fiscal Year	Taxicab Fee Revenues
FY23	\$80,750
FY24	\$80,750
FY25	\$84,800
FY26	\$89,000
FY27	\$93,500
FY28	\$98,200

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.**
This bill does not authorize future spending.
7. **An estimate of the staff time needed to implement the bill.**
County staff time required to implement this fee change is negligible.
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.**
No additional appropriation is needed to implement this bill.
10. **A description of any variable that could affect revenue and cost estimates.**
Market fluctuations or other unanticipated factors could influence revenue projections, but the decrease in revenue due to reduced fees would remain the same.
11. **Ranges of revenue or expenditures that are uncertain or difficult to project.**
While this fiscal impact statement reflects a continued downward trend of participation in the taxicab industry, it is possible that the industry could experience an uptick if the reduced fees pique a renewed interest in the industry. No attempt has been made to project such an indirect impact on licensing fee revenue.
12. **If a bill is likely to have no fiscal impact, why that is the case.**
Not applicable.
13. **Other fiscal impacts or comments.**
None.
14. **The following contributed to and concurred with this analysis:**
Walton Harris, Department of Transportation
Gary Nalven, Office of Management and Budget

Mary Beck, Manager, OMB for Jennifer Bryant
Jennifer Bryant, Director
Office of Management and Budget

7/26/21
Date

Resolution No. _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Council President at the Request of the County Executive

SUBJECT: Reducing Taxicab Fees for Drivers, Passenger Vehicle License Holders and Fleet Operators

Background

1. Sections 53-107 and 53-206 of the County Code, as amended by Chapter 37 of the Laws of Montgomery County (Bill 37-05), authorize the Council to set, by resolution adopted after a public hearing, taxicab fees that the Director of the Department of Transportation must charge to administer Chapter 53 of the County Code.
2. Section 53-107(b) provides that the Council must not set fees that exceed the aggregate cost of administering Chapter 53, except as authorized by Section 53-206.
3. County Executive Elrich has requested a decrease in certain taxicab fees to reduce barriers for entry for many Passenger Vehicle License holders and drivers and to reduce fees for fleet owners because fees in Montgomery County are currently higher than neighboring jurisdictions.
4. A robust taxicab industry is needed in Montgomery County to ensure continued service for vulnerable communities including the more than 5,500 individuals with limited income who are served by Montgomery County's Call-n-Ride program, as well as individuals who are disabled and travel via wheelchair-accessible taxicabs.

Action

The County Council for Montgomery County, Maryland approves the following Action:

The Director of the Department of Transportation must charge the taxicab fees described in Table I, attached to and made part of this resolution.

This is a correct copy of Council action.

Selena Mendy Singleton, Esq., Clerk of the Council Date

Marc Elrich, Montgomery County Executive Date

Table I

I. Driver Identification Card (ID)

First-year application	[\$20]	<u>\$0</u>
New one year		\$50
Annual one-year renewal		\$75
Two-year renewal	[\$150]	<u>\$100</u>
Duplicate		\$25
[Test fee		\$20]

II. Passenger Vehicle License (PVL)

Renewal	[\$495]	<u>\$250</u>
Vehicle replacement		\$75
Affiliate company transfer		\$150
Application for individual PVL	[\$500]	<u>\$100</u>
New taxicab PVL in service (individual)	[\$5,000]	<u>\$2,500</u>
New taxicab PVL in service (fleet)		\$2,500
License Transfer		
1-4 PVLs		\$3,995/PVL
5-100 PLVs		\$10,000 +500/PVL over 4
101+ PVLs		\$58,000 + \$250/PVL over 100
Vehicle inspection		\$50
Vehicle reinspection		<u>\$50</u>
[Vehicle reinspection 1st \$25]		
[Vehicle reinspection 2nd \$75]		
[Vehicle reinspection 3rd \$150]		