

Proposed Int. No.

By Council Member Diaz 18th Cm Chair FHV Committee

A Local Law to amend the administrative code of the city of New York, in relation to minimum fares in trips dispatched by a high-volume for-hire service.

Be in enacted by the Council as follows:

Section 1. Legislative Intent. Section 2303(b)(1) of the New York City Charter empowers the Taxi and Limousine Commission (TLC) to adopt regulations establishing rates of fare for any type of transportation for hire licensed by the commission. While the TLC has regulated taxicab fares as well as street hail trips in HAIL vehicles, it has not heretofore regulated rates of fare charged in other for hire vehicles. Local Law 150 of 2018 added a new section 19-549 to the Administrative Code which directs the TLC to consider establishing minimum fares for trips dispatched by high-volume for-hire services after the completion of a study on vehicle utilization standards. This law goes into effect December 12, 2018.

On January 1, 2019, Article 29-C of the New York State Tax Law becomes effective. This provision of state law imposes a congestion surcharge on all taxicab and for-hire fares that originate, terminate or pass through any portion of Manhattan below 96th Street. Section 1299-b(2) of the Tax Law mandates that this surcharge “be passed along to passengers and separately stated on any receipt.” In taxicabs and HAIL vehicles, this surcharge will be indicated on all metered trips as an additional charge and passed onto passengers as required by state law. Since fares are not regulated in other for hire vehicles, a base owner or operator could reduce fares by the amount of the surcharge, which would effectively shift the burden of this surcharge from the passenger, to the driver of the vehicle in contravention of state law. Without regulation of fares, the TLC would be powerless to prevent this from occurring. Furthermore, there would be no mechanism to enforce Section 1299-b(2) of the Tax Law with respect to for-hire vehicles. The incidence of this surcharge will fall disproportionately upon taxicab and SHL passengers unless immediate corrective action is taken. All forms of transportation for hire must be treated equally with respect to the imposition of this surcharge, so that no one regulated industry is placed at a competitive disadvantage with respect to other regulated industries as a result of the imposition

of this surcharge. This legislation is intended to remedy the discriminatory treatment which will occur if taxicabs and HAIL vehicles that have a regulated minimum fare impose and collect the state surcharge in a manner that is different from the method used with respect to the remainder of the for-hire industry. Since this surcharge goes into effect on January 1, 2019, prompt action is needed to address this discriminatory application of the law. This legislation would prevent high-volume for-hire services from reducing fares to a level below that charged by metered services which must separately charge and collect this surcharge. Accordingly, it is the intent of the City Council to mandate that minimum fares in the for-hire industry be established as set forth in this legislation to ensure equivalency in the imposition and collection of the congestion surcharge. This is necessary to protect all segments of the industry, drivers and passengers, and to ensure compliance with state law.

Section 2. Subsection (d) of section 19-549 of the administrative code of the city of New York, as added by Local Law 150 of 2018, is amended to read as follows:

b. (d) The commission shall by rule establish a minimum rate of fare for all trips dispatched by a high-volume for-hire service. Such minimum rate of fare shall in no event be less than the rate of fare set by the commission for a trip of an equal distance and length of time in a taxicab, or HAIL vehicle while engaging in a street hail, including, but not limited to, all surcharges imposed by commission rule or state law. Following completion of the study required in section 19-550, the commission shall determine whether [the establishment of] further revisions to such minimum rates of fare to be charged by vehicles licensed by the commission would substantially alleviate any of the problems identified in such study. If the commission determines that such minimum rates of fare would have such an effect, the commission is authorized to [establish] further amend by rule such minimum rates of fare provided, however, that in no event shall such minimum fare be revised to establish a rate that is lower than the rate charged by taxicabs or HAIL vehicles for street hail rides for a trip of an equal distance and length of time. In setting such minimum rates of fare, the commission may

consider the category of vehicle, the type of trip, including trips in which the vehicle is available for the transportation of two or more passengers, the rates of fare for other categories of vehicles carrying passengers for hire, including but not limited to taxicabs, the location of the trip, including trips originating, terminating or passing through the hail exclusionary zone, as defined in section 51-03 of title 35 of the rules of the city of New York, and any other factors the commission determines to be appropriate to achieve their intended result. [Such minimum rates of fare shall not include any taxes, fees or surcharges imposed on trips made by vehicles licensed by the commission.] The commission shall, on a periodic basis, but not less than once annually, review such minimum rates of fare in order to determine whether any amendment of such minimum rates of fare is warranted or necessary in order for such minimum rates of fare to continue to achieve their intended result. If the commission determines that such an amendment is warranted or necessary, it is hereby authorized, by rule, to promulgate such amendment.

Section 3. This bill shall take effect immediately.