


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: January 23, 2019

TO: The Honorable City Council
c/o City Clerk, Room 395, City Hall
Attention: Honorable Mike Bonin, Transportation Committee

FROM:  Seleta J. Reynolds, General Manager
Department of Transportation

SUBJECT: TAXICAB REGULATORY CHANGES DUE TO AB 1069/939

SUMMARY

State legislation has been enacted that amends sections of the Government Code that relate to taxicab transportation services. This report provides an overview of the impact of these changes to taxicab services overseen by the Los Angeles Department of Transportation (LADOT).

RECOMMENDATION

RECEIVE and FILE this report.

BACKGROUND

In 2017 and 2018, AB 1069 and AB 939 were introduced by Assemblymember Evan Low. These were both signed by Governor Brown and became law effective January 1, 2019. Prior to the enactment of this legislation, taxicabs were regulated by each of the cities or counties where they conducted business. In the Los Angeles region, this meant that taxi companies obtained individual permits in the City of Los Angeles, as well as Santa Monica, Beverly Hills, Long Beach, West Hollywood, Burbank, Pasadena, or any other city where they operated.

Assemblymember Low introduced legislation to reduce fiscal and bureaucratic burden and create parity with transportation network companies. A resolution was introduced but never voted upon by the City Council to oppose AB 1069 due to the unfunded, yet increased, regulatory burden the legislation imposed.

DISCUSSION

Under the new law, taxicabs only need to obtain permits from jurisdictions in which they are “substantially located,” rather than every jurisdiction in which they operate. “Substantially located” is defined by the regulation as the jurisdiction in which a taxicab company has its primary business address, or the jurisdiction where its largest share of trips originate within a calendar year.

The new law also permits any city or county to form a joint powers agreement with any other city or county, or enter into an agreement with a transit agency, to regulate taxicab companies within that city or county. Based upon this change, numerous cities in Los Angeles County are expected to enter into an

agreement with LADOT to manage driver and vehicle permitting for their jurisdictions. This includes fingerprinting and drug testing of drivers, managing taxi complaints throughout partner jurisdictions, managing vehicle inspections, and setting vehicle and driver standards that are applicable throughout the partner cities, among other responsibilities.

LADOT expects the taxi fleet, regulated by the City of Los Angeles, to increase by at least 1,500 vehicles (an increase of approximately 63 percent). LADOT also expects that the current permitted driver fleet will nearly double once it begins permitting drivers that were previously licensed in other LA County jurisdictions. There have been numerous meetings with other cities throughout the region. These cities reached an informal agreement to continue to cooperate and develop regulations throughout 2019 to manage taxicab permitting regionally.

Combined with the advent of other new mobility products regulated and permitted by the City, this change will substantially increase the geographical reach of LADOT's jurisdiction over For-Hire-Vehicles throughout the County, and will greatly increase overall workload. LADOT has submitted a budget request for increased staffing.

It should be noted that the Los Angeles Taxicab Franchise Ordinance expires on December 31, 2019, and LADOT is conducting a study to review taxicab regulation and make recommendations to Council on regulations for 2020 and beyond. This study is expected to be completed in the first quarter of 2019, and will include recommendations related to County-wide regulation, in light of the aforementioned state law changes.

FINANCIAL IMPACT

Because the City of Los Angeles will become the permitting body for other jurisdictions, the LADOT has submitted a budget package to address the issue of resources needed to effectively regulate taxicab transportation services under the new law. The increase in staffing will be offset by the increased revenue from permit fees assessed to the additional 1500 vehicles and additional 2500 drivers that are expected to be permitted by LADOT.

SJR:JK:jm