

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: August 15, 2016

TO: Honorable Members of the Rules, Elections, Intergovernmental Relations, and
Neighborhoods Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Assignment No.: 16-08-0664

SUBJECT: Regulation of Taxicab Services.

CLARECOMMENDATION: Adopt the attached Resolution to include in the City's 2015-16 State Legislative Program **OPPOSITION** to AB 650 (Low) that would shift regulatory authority over taxicabs from local governments to the California Public Utilities Commission (CPUC), as recommended by the Department of Transportation.

SUMMARY

The taxicab industry is facing increased competition and declining market shares due to the proliferation of on-line transportation network companies (TNCs), such as Uber and Lyft. These companies are currently regulated by the California Public Utilities Commission (CPUC), while taxicabs are regulated by local agencies. The rapid growth of TNCs has raised issues relative to the disparity between existing regulations of taxicabs compared to competitors in TNCs, which have far fewer requirements.

On February 24, 2015, Assembly Member Low introduced AB 650, which would enact the Taxicab Transportation Services Act and provide for the statewide regulation of taxicab transportation services, except taxicab transportation services originating in the City and County of San Francisco.

The City currently regulates taxicab companies, vehicle owners, and drivers through the granting of a taxi franchise. LADOT enforces adopted regulations to ensure that vehicles are safe and that service levels are professional. This includes confirming that drivers are licensed and vehicles insured, testing drivers, and performing safety inspections on vehicles. LADOT and the Board of Taxicab Commissioners (Commission) also establish taxi rates paid by customers. LADOT investigates alleged wrongdoing by drivers and recommends discipline for action by the Commission. Sustained wrongdoing can result in revocation of the company's franchise and/or driver's permit to operate a taxicab in the City.

If enacted, AB 650 would remove the City's local authority over taxicabs without regard for the impacts that it may have on local communities. An effective regulatory scheme of for-hire transportation services should be a balanced state and local regulatory framework to address the rapid integration of new technologies.

On June 30, 2016, the Department of Transportation submitted a bill response form to this Office that stated they have worked hard for decades to ensure a safe system that operates equitably (geographically and socio-economically), is accessible to all residents (disabled accessible fleet), and is environmentally sensitive (green fleet). AB 650 is silent on how these important aspects of taxicab service will continue, if at all. The proposed legislation will undermine the City's existing regulatory processes by completely removing local control over the regulation and oversight of taxicab services. For these reasons, the Department is recommending an oppose position. On August 3, 2016, the California League of Cities sent a letter to the Chair of the Senate Appropriations Committee stating their strong opposition to AB 650.

Additionally, AB 650 provides additional regulatory authority to the CPUC, which has no significant capacity to regulate the for-hire transportation industry. Furthermore, on June 29, 2016, Governor Brown announced that regulation of TNCs will be transferred from the CPUC to the California State Transportation Agency. Consequently, it is ineffective for new legislation to establish regulatory parity between TNCs and taxis when they will be regulated by two different State agencies.

On August 11, 2016, the bill was amended, as follows:

- Add the CPUC permit fee amounts and penalty amounts.
- Allow cities to limit the number of taxis that are authorized to use the taxi stands or pick up street hails.
- Make the CPUC the public agency to receive the driver background check results.
- Allow data sharing with cities for transportation and environmental planning purposes.
- Require cabs to take credit card transactions.
- Delay bill implementation to July 1, 2017.

BACKGROUND

Since its inception in 1911 (then as the Railroad Commission), the CPUC has regulated private companies and individuals that own, operate, control, or manage transportation of people and property. Taxicabs, however, have been regulated by local cities or counties. Under state law, the CPUC is required to license carriers, and investigate and enforce safety and consumer protection laws for:

- Passenger Stage Corporations (PSCs) - For-hire carriers transporting passengers on an individual-fare basis (e.g., airport shuttles).
- Transportation Charter-Party Carriers (TCPs) - Vehicles that arrange transportation on a prearranged basis (e.g., tour buses, limousines, and transportation network companies).
- Private Carriers of Passengers (PCPs) - Not-for-hire motor carrier transporting passengers in buses (vehicles seating 10 or more).
- Household Goods Carriers - For-hire moving companies.

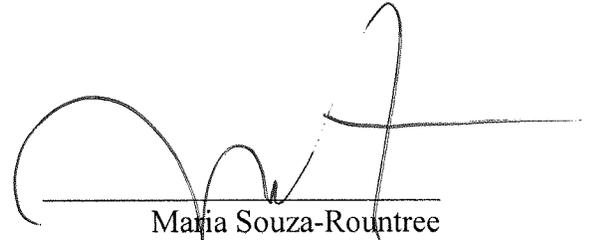
BILL STATUS

8/11/2016	From the Committee on Appropriations
8/1/2016	Re-referred to Committee on Appropriations
6/22/2016	Re-referred to Committee on Transportation and Housing

5/27/2016 Re-referred to Committee on Energy, Utilities and Communications
4/14/2016 Re-referred to the Committee on Rules
9/8/2015 Re-referred to Committee on Rules
9/2/2015 From inactive file
6/11/2015 Ordered to inactive file
5/14/2015 In Senate Referred to Committee on Rules
3/9/2015 Referred to the Committees on Government Organization
2/24/2015 Introduced. To print.

SUPPORT: CityWide Taxi, Fiesta Taxi, Silicon Valley Cab Co. Inc., SouthBay Yellow Cab Co-Op, Taxicab Paratransit Association of California, Yellow Checker Cab Company, Inc., and 13 individuals.

OPPOSITION: League of California Cities, California Regional Council of the Taxi Workers Alliance, Flywheel Taxi, Green Cab of San Jose, Taxi Workers Alliance of Silicon Valley, and two individuals



Maria Souza-Rountree
Analyst

Attachment:
1. Resolution

SMT:msr

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the taxicab industry is facing increased competition and declining market shares due to the proliferation of on-line transportation network companies (TNCs), such as Uber and Lyft; and

WHEREAS, TNCs are currently regulated by the California Public Utilities Commission (CPUC) and taxicabs are regulated by local agencies, which has resulted in different regulations and requirements; and

WHEREAS, on February 24, 2015, Assembly Member Low introduced AB 650, which would enact the Taxicab Transportation Services Act and provide for the statewide regulation of taxicab transportation services, except taxicab transportation services originating in the City and County of San Francisco; and

WHEREAS, the regulation of taxis has been a municipal responsibility for nearly a century, yet the emergence of new business models has challenged the traditional structure of for-hire transportation services and regulations; and

WHEREAS, local governments have begun to modernize regulations to provide a balanced regulatory approach, AB 650 strips local authority and reverses advancements made; and

WHEREAS, a truly effective regulatory scheme of for-hire transportation services should be a balanced state and local regulatory framework to address the rapid integration of new technologies;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-16 State Legislative Program OPPOSITION to AB 650 (Low), which seeks to shift regulatory authority over taxicabs from local governments to the California Public Utilities Commission (CPUC).