

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 25

(Chair, Finance Committee)(By Request - Departmental -
 Transportation)

Finance

Environment and Transportation

Maryland Transit Administration - Transit Service - Contracted Taxicab Service

This departmental bill includes taxicab service in the definition of “transit service,” relating to the services that the Maryland Transit Administration (MTA) is authorized to provide.

The bill takes effect June 1, 2017.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures for MTA likely decrease by approximately \$60,000 in FY 2017 due to the bill’s June 1, 2017 effective date and by approximately \$720,000 annually beginning in FY 2018 based on the interpretation that MTA no longer has to pay any additional account service fees for its “Call-A-Ride” (CAR) services, as discussed below. Revenues are not affected.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	(60,000)	(720,000)	(720,000)	(720,000)	(720,000)
Net Effect	\$60,000	\$720,000	\$720,000	\$720,000	\$720,000

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: The Maryland Department of Transportation has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services concurs with this assessment, as discussed below. (The attached assessment does not reflect amendments to the bill.)

Analysis

Background/Current Law:

Maryland Transit Administration

MTA operates a comprehensive transit system to provide transit services throughout the Baltimore-Washington metropolitan area, including more than 50 local bus lines in Baltimore and other services such as the light rail, metro subway, commuter buses, Maryland Area Regional Commuter trains, and mobility/paratransit vehicles.

MTA is authorized to provide transit service by (1) operating the transit facilities it owns, leases, or otherwise controls or (2) arranging for another person to operate these or other transit facilities, in part, under contract, lease, or other arrangement. A “transit service” is the transportation of persons and their packages and baggage and of newspapers, express, and mail using transit facilities between points within the metropolitan transit district. Transit service does not include taxicab service, vanpool operation, or railroad service. Except for the authority of the Secretary of Transportation and, where applicable, the Maryland Transportation Authority, the rentals, rates, fares, fees, and other charges imposed by MTA are not subject to the supervision or regulation by State or local government entities.

The Taxi Access Program: Call-A-Ride

MTA’s Taxi Access Program, which is currently known as CAR, is an around-the-clock transit option for customers who have been certified as Mobility customers. The Mobility system is a service available to people who, because of a disability, are functionally unable to get to a bus stop, wait unassisted at a stop or station, or board or ride a bus or train by themselves. CAR is not part of MTA’s Mobility service but rather a separate and distinct service provided under contract by participating area taxicab and sedan companies. The contract is currently held by MJ Management Services (MJM), which acts as a broker and subcontracts with area taxicab and sedan companies (primarily in Baltimore City) to provide the service.

Laws and Regulations that Govern Taxicab Services

For-hire driver services, including taxicab services in some areas, are regulated by the Public Service Commission (PSC) under the Public Utilities Article. A person must have a permit issued by PSC when operating a taxicab business in or from a point in Baltimore City, Baltimore County, the City of Cumberland, or the City of Hagerstown. Some local jurisdictions also charge an additional tax on taxicab services, which may be charged on a per ride basis or based on total volume of the taxi company. For example,

Baltimore City charges a \$0.25 tax for each passenger on each ride for trips to, from, or between points in the city; however, MTA and MJM advise that they are not currently paying this tax.

The Public Utilities Article defines “taxicab services” to mean the operation of a motor vehicle for hire that, in addition to other services, (1) is advertised or held out to the public as a taxicab or as providing taxicab services; (2) regardless of how or when engaged, provides for-hire service between points chosen by the passenger and for a fare that is based on the distance traveled, the time elapsed, or both; or (3) is engaged by the passenger for service between points chosen by the passenger that is provided through hail from the street or other location or a request made at a taxi stand or other location where the vehicle is standing and waiting for a request for service.

Public Service Commission Order on the Taxi Access Program

The bill is prompted by a PSC Order that was released in April 2012. Yellow Cab, a subcontractor of MJM, filed a petition with PSC about disputes regarding the applicability of an 11.5% charge account customer service fee charged by Yellow Cab. The fee is part of Yellow Cab’s PSC-approved tariff, meaning that PSC grants Yellow Cab legal authority to charge its customers this fee. The dispute arose when MJM and MTA refused to reimburse Yellow Cab for the fee when it provided CAR service.

During commission proceedings, MTA contended that the fee did not apply to CAR services for two reasons. First, the fee was not covered under MTA’s contract with MJM, and second, the services being provided were not taxi services. PSC’s order made only two findings. First, PSC found that CAR services did meet the definition of taxi services, as defined by the Public Utilities Article, and second, the 11.5% charge account customer service fee is part of Yellow Cab’s PSC-approved tariff and, thus, properly charged when Yellow Cab provides services subject to that tariff. PSC’s order made no findings related to the rights or obligations of any party in the contract dispute between Yellow Cab, MJM, and MTA.

State Expenditures: MTA advises that, as a result of PSC’s ruling, it is currently reimbursing taxicab companies for the charge account service fee for its CAR services provided in Baltimore City. MTA estimates that it pays approximately \$720,000 each year for these fees. Under the bill, taxicab service provided under contract with MTA can be considered a “transit service” and therefore not subject to regulation by any other unit of State government (*i.e.*, PSC). Based on this interpretation, it appears as though MTA is no longer required to reimburse taxicab companies for the charge account fee unless it is charged as part of agreed upon contractual language. Therefore, TTF expenditures for MTA likely decrease by about \$60,000 in fiscal 2017, due to the bill’s June 1, 2017 effective date, and by at least \$720,000 annually thereafter. To the extent that taxicab

services provided under contract with MTA are still deemed to be subject to regulation by PSC, the savings may not materialize.

Small Business Effect: Under the bill, small business taxicab companies continue to have the opportunity to participate in MTA's CAR program.

Additional Comments: Under current law, taxicab services are excluded from the definition of transit service, so it is unclear whether MTA is currently authorized to provide CAR service. Absent the bill, MTA may have to cease providing the service. MTA advises that the CAR cost per trip is approximately 50% of the cost it would otherwise incur to transport an individual using its mobility service, and it estimates \$14.6 million in costs to be incurred for its CAR service in fiscal 2018. Therefore, if MTA is unable to continue using taxis for its CAR service, expenditures could increase significantly.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Transportation; Public Service Commission; Department of Legislative Services

Fiscal Note History: First Reader - January 23, 2017
mm/mcr Third Reader - March 21, 2017
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Transit Administration— Transit Service—Contracted Taxicab Services

BILL NUMBER: SB 25

PREPARED BY: Maryland Department of Transportation /Maryland Transit Administration (Dept./Agency)

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This bill will allow MTA to contract with taxicab companies to provide service to its disabled customers. As a result, taxicab companies located in MTA's core service area of Baltimore City, Baltimore County, and Anne Arundel County will have the opportunity to participate in MTA's Call-A-Ride contract and thereby earn more revenue.