

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 1591 (Delegate DeBoy)
Economic Matters

Public Service Companies - Passenger-For-Hire Services

This bill prohibits a person from providing passenger-for-hire transportation services without securing at least \$1,500,000 in coverage for each sedan or limousine from a liability insurer or casualty or surety company approved by the Public Service Commission. The Motor Vehicle Administration is required to issue a special vehicle registration plate for each limousine or sedan permitted by PSC. Anyone who operates, or permits another to operate, a limousine or sedan without a valid for-hire driver's license issued by PSC, or the necessary special vehicle registration plate issued by MVA, is subject to a fine of up to \$1,000. Permit numbers issued by PSC to limousine and sedan owners must be printed in any advertising material. The bill does not apply to taxicab services.

Fiscal Summary

State Effect: General fund revenues would likely increase minimally due to the bill's penalty provision.

Maryland Automobile Insurance Fund Effect: The number of commercial vehicle liability insurance policies issued by MAIF could decrease by 70, which would result in a loss of approximately \$381,600 in premiums in FY 2009.

Local Effect: None.

Small Business Effect: Meaningful. The liability insurance premiums for some for-hire carriers could increase by between 3 and 10 times current levels. In addition, some for-hire carriers would no longer be able to avail themselves of the MAIF insurance coverage.

Analysis

Current Law: A person may not operate a vehicle that provides passenger-for-hire services in the State unless the person is licensed as a passenger-for-hire driver by PSC. A passenger-for-hire service includes limousine and sedan services. Limousines are Class Q vehicles which must be registered with MVA; the annual registration fee is \$185 per vehicle (paid biennially) and a special vehicle registration plate is issued. Sedans are Class B vehicles and pay a lower registration fee. However, they also pay an annual permit fee to PSC, which limousines do not pay.

PSC regulations prohibit a motor vehicle in the public transportation of passengers or property for hire within the State from operating until a permit has been obtained from PSC. Any motor vehicle for which a permit is necessary may not be operated unless the owner maintains a liability insurance policy or bond for that vehicle with a term of six months or more and with coverage as shown in **Exhibit 1**.

Exhibit 1 Required Insurance or Bond Coverage for Public Service Commission Permitted Motor Vehicles

<u>Number of Vehicles</u>	<u>Required Bond Coverage</u>		
	<u>Passengers Per Vehicle</u>		
	<u>Less than 7</u>	<u>7-15</u>	<u>16 or more</u>
1	\$120,000	\$325,000	\$575,000
2-5	150,000	355,000	605,000
6-15	180,000	385,000	635,000
16-30	210,000	415,000	665,000
31-50	240,000	445,000	695,000
51-80	270,000	475,000	725,000
81-120	300,000	505,000	755,000
121-170	330,000	535,000	785,000
171-230	360,000	565,000	815,000
230-300	390,000	595,000	845,000

<u>Number of Vehicles</u>	<u>Required Insurance Coverage</u>		
	<u>Passengers Per Vehicle</u>		
	<u>Less than 7</u>	<u>7-15</u>	<u>16 or more</u>
For each vehicle	\$120,000*	\$250,000*	\$500,000*

*Represents a combined single limit.

PSC regulations provide for a civil penalty of an unspecified amount for a violation of any regulation concerning the operation of motor vehicles in the public transportation of passengers or property for hire, including operating the motor vehicle and failing to carry appropriate insurance or bond coverage.

Background: According to the Maryland Limousine Association, a significant number of limousine and sedan services are operating in the State without complying with State law. The Montgomery County Office of Consumer Protection has released an investigative report finding that a number of limousine firms operate without a license or authorization from PSC, the Washington Metropolitan Area Transit Commission, or the Maryland Aviation Administration.

The bill does not reclassify sedans as limousines under Maryland Vehicle Law; it does, however, require them to obtain a special registration plate.

State Fiscal Effect: General fund revenues would likely increase due to violations of provisions of passenger-for-hire services which would be subject to a fine of up to \$1,000 under the Transportation Article. MVA advises that the issuance of additional special vehicle registration plates required under the bill for sedans could be handled within existing budgeted resources.

Additional Comments: MAIF advises that many of the sedans that obtain liability insurance coverage through MAIF and would no longer be able to under the bill's requirements would continue to provide services while uninsured.

Additional Information

Prior Introductions: None.

Cross File: SB 979 (Senator Robey) – Finance.

Information Source(s): Maryland Department of Transportation, Public Service Commission, Maryland Limousine Association, Montgomery County Office of Consumer Protection, Department of Legislative Services

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