



Montgomery County

Office of Intergovernmental Relations

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SB 505

DATE: February 15, 2024

SPONSOR: Senator Kramer

ASSIGNED TO: Education, Energy, and the Environment

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POSITION: Support

Public Utilities – Transportation Network Service – Assessment Cap Increase

Montgomery County strongly supports Senate Bill 505, Public Utilities – Transportation Network Service – Assessment Cap Increase, which would raise the cap on the assessment fee allowed to be charged by certain counties and municipalities on Uber and Lyft rides, from 25 cents to 50 cents. This fee was authorized in State legislation enacted in 2015, which placed the Transportation Network Services (TNCs) – Uber and Lyft – under the regulatory authority of the Maryland Public Service Commission. In addition to the regulatory provisions, the statute created a system that allowed some counties and municipalities an exclusive right to impose that fee if they had regulated taxicabs prior to January 1, 2015, and passed local legislation by July 1, 2016, to assess the fee.

Well before the introduction of the 2015 State legislation to regulate TNCs, as a regulator of taxicabs operating in the County, Montgomery had begun to consider what its role should be given the competitive disadvantages its regulated taxicab companies were facing in light of a very popular new business model for ride services. Of serious concern was the need to ensure that the County's disability community had access to transportation options, which the taxicab industry was required to accommodate. Thus, after it became apparent that the State would move to regulate TNCs, the County began to focus on what role it could play to ensure that community would not be left behind. The ability to support incentives for the newly regulated Uber and Lyft to provide rides to this population and for the long-time regulated taxicabs to stay in business became an urgent issue for the County.

This was the genesis of Montgomery County's advocacy for the authority to impose the TNC fee in 2015, and since 2016 when it enacted a local law to begin imposing the fee, the expenditures that have been made from its Transportation Services Improvement Fund are consistent with this goal. Specifically, the Fund is used to support various programs to ensure that TNCs can service this market and taxicabs can maintain or expand services as

well. Examples of these programs include providing reimbursements for the purchase of retrofit wheelchair accessible vehicles, subsidies for insurance, and guaranteeing fare prices for shorter trips.

These programs are of Countywide benefit. They focus on ensuring that ride service options for the disability community, seniors, and low-income individuals will exist in every part of the County, whether the person lives within a municipality or an unincorporated part of the County. Yet, while the availability of services exists, there are still substantial unmet needs. The County believes these needs could be mitigated if more resources were made available, particularly to the nonprofit sector, that could be instrumental in helping to fill in the gaps.

This is why the County is requesting the Committee to support an increase in the cap on the TNC fee, with the passage of Senate Bill 505. In the Capitol Region, at 50 cents, the fee would remain well below the fee imposed by the District of Columbia, which is a 6% gross receipts tax plus a congestion fee.