

Executive Summary

Taxicab and Livery Vehicle Regulation

Connecticut state government has regulated certain economic aspects of taxicabs and livery service since the 1920s and 1930s, primarily through limiting entry into the market and controlling rates charged. Taxis and livery service are considered common carriers providing a public good, required to be available to the public. The public relies on taxi and livery service to get to work, school, grocery shopping, doctor's appointments, and their weddings, for example.

The Legislative Program Review and Investigations Committee authorized a study to assess taxicab and livery vehicle regulation in March 2008. The central question in this study is to determine the appropriate level of regulation for taxicabs and liveries in Connecticut. The study also addresses issues left unresolved by the taxicab task force established by P.A. 06-133, including operational, administrative, and governance issues related to the taxicab industry. The study examined four dimensions of regulation that may be controlled by government agencies: 1) market entry and expansion; 2) rates charged; 3) safety of passengers; and 4) service requirements.

Market Entry and Expansion

The taxi industry has experienced growth during the past decade and the committee did not see evidence of sizeable barriers to market entry. Based on a PRI file review, *nearly three-quarters of new applications were approved fully or at least partially* (i.e., fewer cabs or territories than requested). However, *market entry is almost twice as likely to occur through a sale and transfer of a part of an authority*. This is a route that bypasses the public hearing process, an important component of proof of public convenience and necessity.

Connecticut's requirement for proof of public convenience and necessity for market entry was examined, and *PRI concluded that proof of public convenience and necessity—as well as the elements of suitability and financial wherewithal—should be maintained* as it serves a purpose in controlling the flow of cabs into particular towns and cities, helping to avoid oversaturation of the market and poor service.

Diversity of company ownership was also researched. While the majority of taxi company owners are Caucasian, there has been a change over time to increasingly more minority company ownership.

Rates Charged

The current system of rate-setting is based on approval of sporadic requests for meter rate increases by companies operating in particular territories. During the five-year period of 2003-2007, meter rates rarely increased more than once. PRI also found that fares are calculated such that a passenger may be charged two different rates for the exact same trip, depending on which cab company used. *Taxicab rates are unpredictable, and the public would benefit from having uniform meter rates across the state.*

Safety of Passengers

The safe operating condition of taxicab vehicles in Connecticut is regulated in four ways: 1) initial vehicle inspections by DMV; 2) certificate holder self-inspections; 3) occasional DOT requested inspections; and 4) biennial registration renewal inspections by independent garages.

The greatest concerns found in the study pertained to taxi vehicle safety. In 2003, the frequency of mandatory taxicab inspections changed from once every six months to every other year, and shifted from DMV to independent garages performing these inspections. While there are a number of statutory and regulatory provisions that appear to promote taxicab vehicle safety, PRI analysis of actual inspection-related information raised concerns about the effectiveness of these provisions. For example:

- The taxicab accident rate is more than quadruple the rate for passenger vehicles.
- There was a significantly lower failure rate of 21 percent for taxis inspected at independent garages compared with 38 percent at DMV inspection lanes.
- The DOT Regulatory and Compliance Unit reported it has never inspected certificate holder quarterly self-inspection records.
- During 2004-2007, there were no unannounced, joint DMV/DOT inspections conducted.
- Of the 43 vehicles inspected jointly by DOT/DMV at two train stations and Bradley International Airport in August 2008, 41 failed the inspection (95 percent failure rate) including at least six vehicles towed from the inspection site.
- The DOT Regulatory and Compliance Unit continued not to carry out the required monitoring of the self-insurance held by the two largest taxi companies, one of whom had not submitted required monitoring reports since granted approval for self-insurance.

The certificate holder has responsibility for assuring that drivers under his or her certificate are licensed with the proper endorsement; however, *an unacceptably high number of drivers are operating without the proper license and endorsement: one in six drivers of 43 taxicabs inspected did not have the proper licensing to operate a taxicab.*

Citation hearings triggered by alleged certificate holder violations often result in minor fines. The consequences for failure to adhere to taxi statutes and regulations are minimal, and need to be increased.

The committee also explored the status of taxi drivers as independent contractors. The newly created legislative Employment Misclassification Enforcement Commission would be an ideal body to examine this complex issue and determine whether this is the correct classification for taxicab drivers.

Service Requirements

There are currently a number of towns with no taxi service at all, and DOT could take measures to encourage the establishment of taxi companies in these areas. This step would serve the dual purpose of meeting a need of the public for transportation, and encouraging an entrepreneur to gain entry into the market.

Agency Oversight

There is very little duplication of effort among the five state agencies overseeing the various aspects of taxicab and livery vehicle regulation. However, the Department of Transportation is not meeting its full responsibilities due to a combination of lack of commitment to these responsibilities and insufficient resources to provide acceptable oversight.

The current livery regulations have been in effect since 1965, and have not been updated in 40 years. *PRI recommends the department resume long-overdue efforts to draft updated livery regulations and submit the revisions to the Regulation Review Committee. Additional resources for the under-staffed Regulatory and Compliance Unit are needed*, an expense more than compensated for monetarily by the addition of annual taxi and livery fees by certificate and permit holders as recommended in this report, and the improved safety and quality of service to the public.

Recommendations

The committee adopted the following 58 recommendations:

Chapter I: Taxi Market Entry and Expansion

- 1. The DOT Administrative Law Unit hearing officers should prepare a plain language explanation about the type of evidence that may establish public convenience and necessity for new certificate applicants, including what is considered unacceptable evidence. (p. 27)**
- 2. Taxicab certificate decisions shall be published on the DOT website within 30 days of outcome. (p. 27)**
- 3. C.G.S. 13b-97(a) shall be amended to increase the fee for a taxicab certificate application to two hundred dollars. (p. 27)**
- 4. The DOT Regulatory & Compliance Unit should make the following changes to the Taxi Applications: (p. 28)**
 - New Taxicab Authority to include a question about how the applicant will cover the required 24 hours per day, seven days per week availability of service.**
 - Separate questions on disclosure of motor vehicle criminal history within the past 10 years from other criminal history within the past 10 years**
 - Require listing of hours of operation**

- Request attorneys representing applicants to file an appearance with the DOT
 - Description of record keeping system, including location of records to be kept for DOT inspection
 - Require statement on application form that applicants must update any financial information five days before the public hearing
5. The Regulatory and Compliance Unit should assess whether any applicant, regardless of current certificate holder status, has any outstanding complaints. This information should be part of the information communicated to the Administrative Law Unit in preparation for any public hearing on an application. (p. 29)
 6. Taxi applicants should be required to supply updated financial information to the Utilities Examiner five days prior to the hearing. (p. 29)
 7. In addition to the DOT Regulatory and Compliance Unit utility examiner, a member of the DOT Regulatory and Compliance Unit with non-financial perspective should be a party to the Administrative Law Unit public hearings, representing the viewpoint of the unit on the taxi application or citation under consideration. (p. 30)
 8. The regulations shall be amended to eliminate the expedited application process for taxicab vehicles. (p. 30)
 9. C.G.S. Sec. 13b-97(c) shall be amended to specifically prohibit partial sales of taxi certificate interests. (p. 32)

Chapter II: Taxi Safety

10. DOT regulations shall be revised to require written records of quarterly certificate holder self-inspections to be submitted to the Department of Transportation within 30 days of inspection. DOT shall review the quarterly self-inspection records to determine if the inspections are occurring and take appropriate steps to address any missing inspections. (p. 43)
11. DOT regulations shall be revised to require the Department of Transportation to verify that documented repairs were actually made by inspecting a random sample of the vehicles and comparing the results with the quarterly written records. (p. 43)
12. DOT regulations shall be amended to require unannounced inspections to occur quarterly, at least four times per year. Some of the inspections shall be joint inspections with DMV inspectors. (p. 44)
13. C.G.S. Sec. 13b-99(b) shall be revised to require all taxicabs to be inspected annually by dealers and repairers. (p. 44)

- 14. The certificate holders shall send the paperwork documenting the inspections by the independent garages to the Department of Transportation within 30 days of inspection. The DOT shall review the paperwork for timeliness and completeness, following up with certificate holders for whom the requisite paperwork is missing or incomplete. The DOT shall also calculate pass/fail rates for garages. (p. 44)**
- 15. The Department of Transportation should work with the Department of Motor Vehicles to have independent garages with unusually low failure rates investigated. (p. 44)**
- 16. In its review of inspection documentation, the Department of Transportation should confirm there is no ownership conflict with the independent garage used by the certificate holder. (p. 44)**
- 17. The regulations shall be amended to require each certificate holder at least once a month to review the automated DMV license suspension/endorsement withdrawal database to determine whether its drivers continue to be qualified to drive taxicabs. The DOT shall perform this function for single vehicle certificate holders. (p. 47)**
- 18. All certificate holders should be required by the DOT Regulatory and Compliance Unit to have access to a computer with Internet capability, including the ability to access the automated DMV license suspension/endorsement withdrawal database. (p. 47)**
- 19. The Employment Misclassification Enforcement Commission should consider the status of taxicab drivers. (p. 48)**
- 20. C.G.S. Sec. 13b-97(c) shall be amended to allow the Department of Transportation to impose a maximum civil penalty on any person, association officer, limited liability corporation, or corporation who violates any taxi law or regulation relating to fares, service, operations, or equipment of \$1,000 per day per violation. (p. 50)**
- 21. Any certificate holder found to have violated a taxicab statute or regulation shall be prohibited from submitting any future applications to the DOT Regulatory and Compliance Unit for a period of 12 months from the date of the administrative hearing decision. (p. 51)**
- 22. The taxicab certificate holders pay an annual fee to the DOT of \$400 per vehicle to cover the cost of enforcement of safety and other taxicab regulations. (p. 51)**
- 23. C.G.S. Sec. 14-29(a)(2) shall be amended to discontinue the Department of Transportation practice of allowing self-insurance of taxicabs. (p. 52)**

24. C.G.S. Sec. 14-100a shall be amended to exempt taxicabs from the state child safety car-seat law. (p. 53)

Chapter III: Taxi Service and Rates of Fare

25. For any taxicab certificate authorized to operate up to 15 taxicabs, the certificate shall provide that all authorized vehicles may operate in all towns and cities noted on the certificate. (p. 57)

26. A new taxicab company shall operate for at least one year before requesting authorization to operate at Bradley International Airport. (p. 58)

27. The DOT should consider inviting applications for new service in underserved areas. (p. 58)

28. The Regulatory and Compliance Unit staff should stamp the date of receipt of a written complaint and record all complaints in the Complaint Logbook within three business days of receipt of complaint. Complaints shall be investigated by the appropriate DOT staff and outcome of investigation documented in the Complaint Logbook and a written response sent to the complainant within 10 business days of completion of the complaint investigation. (p. 62)

29. The complaint form should be revised to add the email address and fax number of the DOT Regulatory and Compliance Unit for return of the completed complaint form. (p. 62)

30. Connecticut shall have uniform taxicab meter rates of fare across the state. (p. 66)

31. Taxicab meter rates of fare will be assessed by the DOT Regulatory and Compliance Unit every six months. Any proposed rate changes will be published and a hearing held by the Administrative Law Unit prior to approved rate changes. (p. 66)

Chapter IV: General Livery Findings and Recommendations

32. The Department of Transportation should resume efforts to draft updated livery regulations in order to submit the revisions to the Regulation Review Committee by January 1, 2010. (p. 68)

33. C.G.S. Sec 13b-103(a)(4) shall be amended to eliminate the expedited application process for livery vehicles. (p. 74)

34. The DOT Administrative Law Unit hearing officers should prepare a plain language explanation about the type of evidence that may establish public convenience and necessity for new permit applicants, including what is considered unacceptable evidence. (p. 74)

- 35. Livery permit decisions shall be published on the DOT website within 30 days of outcome. (p. 75)**
- 36. The DOT Regulatory & Compliance Unit should make the following changes to the Livery Applications: (p. 75)**
- **Separate questions on disclosure of motor vehicle criminal history within the past 10 years from other criminal history within the past 10 years**
 - **Request attorneys representing applicants to file an appearance with the DOT**
 - **Description of office hours and office staff, and record keeping system, including location of records to be kept for DOT inspection**
 - **Require statement on application form that applicants must update any financial information five days before the public hearing**
- 37. Livery applicants should be required to supply updated financial information to the Utilities Examiner five days prior to the hearing. (p. 76)**
- 38. The Regulatory and Compliance Unit should assess whether any applicant, regardless of current permit holder status, has any outstanding complaints. This information should be part of the information communicated to the Administrative Law Unit in preparation for any public hearing on an application. (p. 76)**
- 39. In addition to the DOT Regulatory and Compliance Unit utility examiner, a member of the DOT Regulatory and Compliance Unit with non-financial perspective should be a party to the Administrative Law Unit public hearings, representing the viewpoint of the unit on the livery application or citation under consideration. (p. 77)**
- 40. C.G.S. Sec. 13b-103(c) shall be amended to specifically prohibit partial sales of livery permit interests. (p. 77)**
- 41. The Department of Motor Vehicles shall inspect all newly registered livery vehicles regardless of seating capacity. (p. 80)**
- 42. The DMV shall require proof of vehicle inspection as part of the livery vehicle registration renewal process. (p. 80)**
- 43. Unannounced inspections of livery vehicles should occur at least once per year. The inspections should be joint inspections with DMV inspectors. (p. 81)**

44. The regulations shall be amended to require each livery permit holder at least once a month to review the automated DMV license suspension/endorsement withdrawal database to determine whether its drivers continue to be qualified to drive livery vehicles. The DOT shall perform this function for single vehicle livery permit holders. (p. 81)
45. All livery permit holders should be required by the DOT Regulatory and Compliance Unit to have access to a computer with Internet capability, including the ability to access the automated DMV license suspension/endorsement withdrawal database. (p. 81)
46. C.G.S. Sec. 13b-103(b) shall be amended to require both federal and state criminal background checks for all livery permit applicants. (p. 82)
47. Any permit holder found to have violated a livery statute or regulation shall be prohibited from submitting any future applications to the DOT Regulatory and Compliance Unit for a period of 12 months from the date of the administrative hearing decision. (p. 83)
48. The livery permit holders pay an annual fee to the DOT of \$400 per vehicle to cover the cost of enforcement of safety and other livery regulations. (p. 84)

Chapter V: Medical Livery Findings and Recommendations

49. The requirement of an automatic public hearing by the DOT Administrative Law Unit for a medical livery permit should be abolished when there is no protest of the application. However, at his or her discretion, the Administrative Law Unit Hearing Officer may decide to hold a hearing for reasons such as concern about criminal background of applicant. (p. 92)
50. DSS should monitor the impact of broker contract increases on provider payments. (p. 93)
51. The brokers should be required by DSS to identify the payor source when reimbursing providers for nonemergency medical transportation services. (p. 94)
52. DSS should require the brokers to annually send a list to DOT containing the names of the nonemergency medical transportation providers under contract. (p. 94)
53. DSS and DOT should periodically remind any DSS broker of its obligation to notify DOT when a contract with a medical livery company is cancelled. (p. 95)
54. The DOT Regulatory and Compliance Unit shall notify DSS brokers in writing within three days of the revocation of the permit or certificate of any nonemergency medical transportation provider. (p. 95)

55. DMV should issue an “M” plate or in some other way distinguish a medical livery plate from a general livery plate. (p. 95)

Chapter VI: Agency Findings and Recommendations

56. A memorandum of agreement should be drafted between the DOT and DMV providing that staff responsible for taxi and livery regulation should meet at least quarterly to discuss concerns, problem-solve, implement solutions, coordinate, and communicate information regarding oversight of taxi and livery regulation. (p. 99)

57. The DOT should take proactive steps in the oversight of the taxi and livery industries. Evidence of these proactive steps would include: restitution of staff resources necessary to adequately enforce regulations; evidence that inspections have resumed and quarterly certificate holder inspections are occurring; and an increase in their participation in public hearings. (p. 101)

58. The Department of Transportation should add two additional positions, at least one of which is an investigator position. (p. 101)