

**Joint Hearing of the Program Review and Investigations Committee and the
Transportation Committee**

Regarding S.B. No. 902 and S.B. No. 903

To Regulate Safety and Economics of Taxicab and Livery Vehicles

Outline of Taxicab Industry Stakeholder Presentation by

Alfred LaGasse, Chief Executive Officer

Taxicab, Limousine & Paratransit Association (TLPA)

February 20, 2009

Introduction of TLPA

- Nonprofit trade association established in 1917 to represent the taxicab industry in the United States
- Currently represents all for-hire providers of local ground transportation services
- 1,000 member companies that operate 100,000 passenger vehicles
- TLPA members transport 900 million passengers per year
- Full industry transports 2 billion passengers per year in the United States

Introduction of Alfred LaGasse

- Employed by TLPA in 1978 as a professional trade association executive
- For the past 31 years, has been a full time student of the taxicab industry
- Has testified on taxicab industry issues before the U.S. Congress, as well as, State, County and Municipal governments and has served as an expert witness on taxicab regulations in judicial proceedings

Development of S.B. No. 902 and S.B. No. 903

- The staff findings and recommendations report titled "Taxicab and Livery Vehicle Regulations" is insightfully focused on the key issues regarding taxicab regulations. The recommendations are well reasoned, relevant to the public oversight-responsibility to provide for the public safety and welfare of passengers, and will lead to an improved transportation network for the 2 million citizens of and visitors to Connecticut who rely upon safe, reliable, and affordable taxicab service each year.
- The Program Review & Investigations Committee has taken the staff report and created two bills to strengthen public oversight of the industry to provide for public safety and welfare, S.B. No. 902 and S.B. No. 903. The committee has done a good job of adapting the report recommendations to these legislative proposals.
- S.B. No. 902 focuses on implementing the safety actions needed to assure the public receives transportation service in mechanically sound taxicab and livery vehicles, while S.B. No. 903 implements the necessary economic regulation of the industry to assure the public receives transportation service from safe (non-criminal, financially viable, properly insured) and reliable taxicab and livery companies.

Specific Comments on S.B. No. 902

- We applaud the change to annual, independent taxicab inspections.
- We do not oppose quarterly inspections, but we believe that one independent inspection and three company self-inspections would combine to give the equivalent of quarterly inspections.
- We accept that need to charge a vehicle fee to support enforcement of the taxicab regulations, but recommend that the vehicle fee be lowered somewhat and the application fee for certificate hearings be increased to make up the difference. The rationale for the application fee increase is noted below under the review of S.B. No. 903.
- We strongly oppose the proposal to make taxicabs the only transportation service provider covered in this bill to be denied eligibility to self-insure. Self-insurance is routine for the taxicab industry (81% of taxicab fleets with 100 or more taxicabs are self-insured and 31% of taxicab fleets with 25 to 99 taxicabs are self-insured according to the Taxicab Fact Book 2008 published by the TLPA). Self-insurance offers qualified fleets significant operational benefits, including direct control of claims management, ability to carry higher [excess] insurance, ability to better manage risks and respond more quickly to safety problems, ability to reduce the cost of insurance with the resulting benefits of being able to reinvest in improving customer service. Of course, to qualify and maintain the taxicab company's self-insurance, the company must meet the state requirements to be self-insured.
- We support raising the maximum penalty for grievous violations to \$1,000 per violation per day, but we do recommend two changes to enhance this provision. First, there is an inconsistency in this bill where livery companies are provided with a legislative guarantee of due process while taxicab companies are given no such assurance. We urge you to include the same due process assurance to the taxicab industry. Secondly, we agree with penalizing certificate holders that violate the regulations. At the same time, the bill is silent on holding taxicab drivers accountable when their actions (rather than the certificate holder's actions) violate the regulations, such as when a driver overcharges a passenger or refuses to serve a passenger. Basic fairness calls for the party taking the action that violates the regulations to be held accountable and therefore learn from their mistakes.
- Our final comment on S.B. No. 902 relates to a discrepancy in the bill. In two places (page 2 – line 36 and page 3 – line 75) the application is listed as being \$88 whereas the application fee is listed as being \$200 in all other references to the application fee in the remainder of this bill and in S.B. No. 903.

Specific Comments on S.B. No. 903

- We testified for and agree with uniform taxicab fares, on a communitywide (city or county) basis rather than on a statewide basis. A statewide rate for a relatively small state may or may not be reasonable. Typically taxicab fares in urban areas are higher than fares in rural areas as the cost of doing business is different particularly in terms of their cost for insurance, employee salaries and the cost of acquiring office and garage facilities.
- We understand the idea of limiting taxicab companies to a maximum of two rate increases per year, but question if a rate hearing every six months allows for unexpected variations in costs such as the astronomical increase in the cost of fuel that was experienced last year. A more flexible approach may be to require an annual taxicab fare review with a second rate hearing being allowed at anytime when one or more major cost items such as the cost of fuel, labor, or insurance increases significantly.
- The bill rightly calls for the taxicab certificate to list its authorized service areas, but only when it is a certificate for 15 or fewer vehicles. We urge the committee to require the service area to be listed for all certificates regardless of how many vehicles are included in the certificate.

- We applaud the five points the Department of Transportation must consider when evaluating an application for a new or modified certificate to operate taxicabs to assure that public convenience and necessity is being met. We urge the committee to expound upon the five points to make them more precise so that the Department of Transportation and certificate applicants are clear as to the legislative intent of public convenience and necessity. In particular, the fifth item “(5) the availability of qualified taxicab operators” is particularly open to interpretation. We hope this means that the Department of Transportation is to evaluate if existing taxicab operators (taxicab companies and taxicab drivers) are meeting the need of the community to be served. If the answer is yes and there is a proper balance of supply of taxicab service with demand for taxicab service, then public convenience and necessity is being met and all are benefiting. In that case, one would not want to introduce an excess of service in that community as excess service leads to lower income for taxicab drivers, more difficulty for companies to invest in technology and vehicles to better serve the public, and, ultimately, higher fares and poorer quality equipment serving the public. Another outcome of an oversupply of taxicabs is that the Department of Transportation will need to spend more on enforcement as taxicab drivers and companies often find it difficult to meet regulatory requirements when they are struggling to earn a decent living.
- As noted in our comments above on S.B. No. 902, we support raising the certificate application fee from \$88 to \$200. Quite frankly, we don’t believe that the Department of Transportation can complete a proper hearing for this very low fee. We are certain that the fee should be considerably higher given the workload brought about by an application for a new taxicab certificate (processing criminal background checks, notifying public officials, notifying other certificate holders, gathering the data, evaluating the data, holding a hearing, evaluating the testimony of the hearing, drafting the decision, posting notice of the decision, etc.). We urge an evaluation of the true cost of this process be held and that the fee be raised to cover the full cost. Additionally, the rise in the application fee should be offset by a lowering of the annual vehicle fee so that vehicle enforcement fees are not subsidizing applications for new certificates. The same fee evaluation should be applied to the transfer or sale of certificates to determine their true cost to be completed.
- S.B. No. 903 calls for a maximum penalty of \$100 per taxicab violation per day. To be consistent with S.B. No. 902, this amount needs to be raised to \$1,000. Also, as noted in our comments above on S.B. No. 902, taxicab companies should receive the same assurance of due process that is provided to livery companies, and taxicab drivers should be held accountable for the violations that they commit.

Conclusion

- We compliment the Program Review and Investigations Committee and your staff for doing a very good job of understanding and addressing many of the complex issues that face the taxicab industry. We urge the members of the Transportation Committee to adopt with the minor modifications noted in our testimony the taxicab recommendations found in S.B. No. 902 and S.B. No. 903.
- With few modifications, this legislation will lead to safer taxicab vehicles and better taxicab companies that more safely and more efficiently meet the public’s transportation needs. At the same time, it is improving the safety and welfare of the taxicab riding public, by more effectively regulating the industry, the Department of Transportation will assure more financially viable taxicab companies able to invest in advanced communication technologies and more environmentally friendly vehicles, and taxicab drivers who will earn a better living while providing better public.
- In closing we note that while there is always room for improvement, don’t let the desire for perfection slow down the movement toward real progress for the taxicab industry. Taxicabs serve as a vital part of Connecticut’s public transportation network. Your citizens and visitors to your state

need this progress to be made. If more changes are needed after enactment, then additional changes can be addressed at that time.

We appreciate the opportunity to testify before you today. If you have any questions or if I can be of any further assistance to you, please contact me at the TLPA office: Taxicab, Limousine & Paratransit Association, 3200 Tower Oaks Boulevard, Suite 220, Rockville, Maryland 20852; telephone: (301) 984-5700; Fax: (301) 984-5703; email: alagasse@tlpa.org.

###