



MEMORANDUM

LEGISLATIVE REFERENCE BUREAU

WWW.MILWAUKEE.GOV/LRB

To: Ald. Terry Witkowski, Chair
Public Safety Committee

From: Richard L. Withers, Legislative Fiscal Analyst ext. 8532

Date: May 8, 2013

Subject: Summary of Changes Proposed to Taxicab Regulation in File Number 111222
(Revised to include proposed increase of initial new permits from 50 to 100)

Per your request, this memorandum provides a summary of changes to current ordinances relating to taxicab permits, regulation and inspection proposed in File Number 111222. Following a brief summary of current ordinances is a review of the changes made by Substitute 2 which is currently before the committee. The memo concludes with a summary of the changes and additions contained in Proposed Substitute B, attached, which have been requested by Ald. Bauman.

Background

Section 349.24 Wis. Stats., authorizes the city to license and regulate the taxicab business.

Regulation of taxicab business and operations falls within the powers of the city to regulate to promote the health, safety and welfare of the public. In addition, the taxicab industry is often referred to as a "private utility" which may be regulated for public necessity and convenience.

Prior to 1992, the city approached the permitting of taxicabs using several methods to establish limits on the numbers of permitted taxicabs that could be operated for hire. One of the concerns cited was that allowing an unlimited number of taxicabs might contribute to a variety of ills including street congestion and a potential economic collapse of the industry due to uncontrolled competition and unsustainable fare cutting.

A 1992 ordinance revision prohibited the issuance of new taxicab permits but established a mechanism effectively allowing the transfer of taxicab permits (but not other public passenger vehicle permits). This change replaced a procedure where any change in the number of permits granted to operate public passenger vehicles was regularly presented to the licensing committee which made recommendations to the common council.

The number of taxicab permits issued in 1992 has been estimated to be between 350 and 370. This number is now 320. The prohibition against issuing new permits has therefore resulted in attrition in the total numbers of taxicabs over the last 2 decades of 10% or more. At the same time, the value of the private transfer of a taxicab permit has now increased to an estimated \$150,000 or more.

Current litigation challenging the city's limitation on issuance of new permits has resulted in a decision before the Milwaukee Circuit Court holding the prohibition unconstitutional. A final order in the litigation is anticipated by the end of this month.

The current draft (Substitute 2) and the proposed substitute (Proposed Substitute B) address the following issues:

1. Lifting the “cap” on taxicab permits.
2. Addressing the transfer of taxicab permits.
3. Addressing the leasing of taxicabs by permittees.
4. Encouraging entrepreneurial entry into the taxicab market.
5. Assuring and improving the safety and appearance of taxicabs.
6. Revising permit-related fees to reflect the actual cost to the City of permit issuance and renewal, including inspection costs.

Substitute 2

The changes provided in the draft currently before the Public Safety Committee are:

1. Lifting the “cap” on taxicab permits.

- Substitute 2 repeals the limitation on issuance of new public passenger vehicle permits for taxicabs and authorizes the issuance of 50 new permits prior to November 1, 2014.
- Ten additional new permits may be issued after November 1, 2014, annually for a period of 5 years.
- Additional new permits may be issued to ensure that the total number of permitted taxicabs is not reduced to fewer than 320.
- The city clerk is authorized to establish a process for accepting and processing completed applications using a lottery to ensure orderly processing of taxicab permit applications.
- If a lottery is established, the city clerk may create for a waiting list.
- A \$100 lottery participation fee is established.
- Failure to place a vehicle into service within 60 days of the date that issuance is authorized by the common council constitutes surrender of the permit.
- The legislative reference bureau is directed to provide the common council with an annual report, on or before April 1, including information about the numbers of permit applications made and permits issued, changes in the costs to the city incurred in processing applications and issuing new and renewal permits, factors affecting the availability, accessibility and safety of public passenger vehicles, and other information requested by the licensing committee.
- The ordinance, including repeal of the prohibition on issuing new permits, is effective on August 26, 2013, but no new permit may be issued and effective before November 1, 2013.

2. Addressing the transfer of taxicab permits.

- The provisions for the transfer of public passenger vehicle permits with the general transfer procedures applicable to other business licenses and permits provided in ss. 85-19 and 85-24 effective November 1, 2013 (the end of the current permit period for taxicabs); this applies to current as well as new taxicab permittees.

3. Addressing the leasing of taxicabs by permittees.

- No taxicab may be operated under a permit first issued on or after November 1, 2013, except by the permittee or a bona fide employe of the permittee, or a partner or officer of the permittee partnership, corporation or limited liability company.

4. Encouraging entrepreneurial entry into the taxicab market.

- Applicants for new permits are prohibited from having a financial interest in more than 2 new taxicab permits.
- No person holding more than one taxicab permit issued prior to November 1, 2013, shall be eligible to apply for a new permit on or after that date.
- Each applicant for a taxicab permit is required to acknowledge these limitations in the sworn statement that is filed with the application.

5. Assuring and improving the safety and appearance of taxicabs.

- Vehicles operated under permits first issued on or after November 1, 2014, must either meet requirements for handicapped-elderly vehicles or provide passenger leg room of not less than 40 inches.
- Two inspections of all permitted taxicabs must be scheduled and conducted in the course of a permit year.
- The department of public works replaces the police department as the agency responsible for scheduling and conducting inspections of public passenger vehicles including taxicabs.
- If the volume is too great, the department may approve and designate one or more additional parties, businesses or agencies to conduct inspections.
- The commissioner of public works may request assistance from the police department for inspections of any class of public passenger vehicle.
- Each taxicab operator must be readily identifiable by uniform clothing consisting of a white shirt with collar and khaki-style trousers. Shirts must be clearly marked with the words "City of Milwaukee Taxicab" or a symbol of the city adopted by the common council.
- The legislative reference bureau is directed to prepare a report by April 1, 2014, with information and recommendations related to the implementation of fuel efficiency standards on or before April 1, 2018.

6. Revising permit-related fees to reflect the actual cost to the City of permit issuance and renewal, including inspection costs.

- The one-year permit fee is increased from \$175 to \$370, and the one-year renewal permit fee from \$100 to \$295.
- The fees for a new permit and for a renewal permit are reduced by \$20 if the permitted vehicle is registered within the city.

Proposed Substitute B

Additional changes that are included in Proposed Substitute B are:

1. Lifting the “cap” on taxicab permits.

- The initial increase in new permits is changed from 50 to 100.
- A veteran's preference will be provided allowing military veterans a third entry into any lottery at no additional fee.

2. Addressing the transfer of taxicab permits.

- The ability of current permittees to arrange for private transfer of permits held before November 1, 2013, is restored in the proposed substitute and the limitation on future transfers is made applicable only to permits issued on or after November 1, 2013.

3. Addressing the leasing of taxicabs by permittees.

- The prohibition of leasing taxicabs under new permits is retained, but the provisions limiting operation of the taxicab under a new permit to the permittee or an employee are changed to limit the operation to the permittee or a family member.

4. Encouraging entrepreneurial entry into the taxicab market.

- New permits may only be issued to applicants who reside within city limits; this new provision is also intended to promote the professionalism and service provided by owner-drivers who will be more familiar with City geography and destination venues.

5. Assuring and improving the safety and appearance of taxicabs.

- Language expressly providing that the department of public works may request police assistance during inspections has been removed as superfluous.
- Language has been added to general applicant investigation requirements directing the police to access all appropriate and available data bases and resources consistent with state law.
- All persons operating a taxicab under a new permit are required to complete a driver training course offered by the Taxicab, Limousine and Paratransit Association or its equivalent approved by the chief of police.
- An alternative uniform requirement has been added allowing drivers of an affiliated taxicab to wear a shirt reflecting the colors of the affiliated taxicab.
- Newly permitted taxicabs and all taxicabs replaced under permit on and after November 1, 2013, are required to install rear seat swipe credit card processing equipment subject to policy or rule established by the city clerk under a policy reviewed and approved by the licensing committee.

6. Revising permit-related fees to reflect the actual cost to the City of permit issuance and renewal, including inspection costs.

- An administrative change is included increasing the additional late renewal fee for each category of public passenger vehicles from \$25 to \$125 due to the necessary scheduling of additional inspection appointments.

LRB144881-4.4 - memo