

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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Legislation Title:

AN ORDINANCE relating to companies and drivers of a new type of for-hire vehicle in order to create a pilot program for transportation network companies and affiliated drivers and vehicles: establishing minimum operating requirements for transportation network companies and affiliated drivers; creating a permit system; imposing vehicle inspections; imposing a zero tolerance drug use policy for affiliated drivers; imposing minimum insurance requirements for transportation network companies and affiliated vehicles; requiring rate transparency for transportation network companies; and establishing licensing fees; raising the maximum number of taxicab licenses issued by the City; revising terminology; adding new sections and amending various Sections of Chapter 6.310 of the Seattle Municipal Code.

Summary of the Legislation:

This legislation provides for the regulation of Transportation Network Companies (TNCs) and modification of certain regulations relating to for-hire vehicles and taxis.

Background:

TNCs like Uber, Lyft, and Sidecar, represent that they are facilitating peer-to-peer sharing of passenger vehicles and hence not subject to regulation by the City. However, the City Council finds that the TNCs and the drivers who operate on their systems are engaged in the transportation of persons for compensation and therefore do fall within the regulatory authority granted the City by Article 11, Section 11 of the Washington State Constitution and RCW 46.72.160.

Because the TNC business model involves dispatching traditional for-hire drivers and vehicles as well as non-professional casual drivers, regulating them raises a number of policy questions. Cities are more familiar with regulating traditional for-hire modes of transportation such as taxis and models for that, both good and bad, abound. As these companies have begun operations within the last year and a half, there are not yet good models of regulation for peer-to-peer services. It would be easier to ban them, as several cities have already done, than to find a regulatory framework that allows them to function while protecting other interests of the City. However, the Council sees value in the transportation services these companies provide and would like to encourage them. These new entrants to the market have the potential to disrupt existing for-hire services that the Council also views as important to the public. The Council would therefore like to strike a balance between the new and existing services. To that end, this

Ordinance would establish a pilot period of approximately two years during which the growth of the TNCs would be limited to allow existing for-hire services to adapt to their operation.

The specific limits under consideration are as follows:

- Require that anyone driving for a TNC be either a for-hire licensed driver in a for-hire licensed vehicle or the holder of a special permit allowing them to drive for the TNC;
- Require that TNCs ensure that any driver on their system has full casualty and property insurance that covers commercial activity while they are active on the system;
- Require that permit holders meet certain requirements including passing a background check and undergoing safety and defensive driving training;
- Require that the unique vehicle used by the permit holder meets certain safety standards; and
- Require the TNCs to report information from their systems deemed necessary or convenient to allow enforcement of regulations.

In addition to establishing regulations for TNCs, this Ordinance also makes changes to the regulations on existing for-hires to provide them more flexibility in the market. Specific changes include:

- Allow flat-rate vehicles limited access to street hails;
- Allow both flat-rate vehicle and taxis to work for TNCs while operating in their traditional capacities;
- Allow county-only for-hires to pick up fares in the city if they are operating under a standing written agreement;
- Allow WAT license owners to cease driving after five years to be consistent with other for-hires.

In response to a market demand study that found insufficient supply of for-hire services during certain peak periods, this legislation also increases the number of new taxi licenses by 150 over two years.

Please check one of the following:

This legislation does not have any financial implications.

(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

This legislation has financial implications.

(If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" Section. Please delete the instructions provided in parentheses at the end of each title and question.)

Appropriations:

(This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation please provide details in the Appropriation Notes section below. If the appropriation is not supported by revenue/reimbursements, please confirm that there is available fund balance to cover this appropriation in the

note section.)

Fund Name and Number	Department	Budget Control Level*	2013 Appropriation	2014 Anticipated Appropriation
TOTAL				

*See budget book to obtain the appropriate Budget Control Level for your department.

Appropriations Notes:

Anticipated Revenue/Reimbursement Resulting from this Legislation:

(This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.)

Fund Name and Number	Department	Revenue Source	2013 Revenue	2014 Revenue
TOTAL				

Revenue/Reimbursement Notes:

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

(This table should only reflect the actual number of positions affected by this legislation. In the event that positions have been, or will be, created as a result of other legislation, please provide details in the Notes section below the table.)

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2013 Positions	2013 FTE	2014 Positions*	2014 FTE*
TOTAL							

* 2014 positions and FTE are total 2014 position changes resulting from this legislation, not incremental changes. Therefore, under 2014, please be sure to include any continuing positions from 2013.

Position Notes:

Do positions sunset in the future?

(If yes, identify sunset date)

Spending/Cash Flow:

(This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.)

Fund Name & #	Department	Budget Control Level*	2013 Expenditures	2014 Anticipated Expenditures
TOTAL				

* See budget book to obtain the appropriate Budget Control Level for your department.

Spending/Cash Flow Notes:

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

Probably not.

b) What is the financial cost of not implementing the legislation?

None.

c) Does this legislation affect any departments besides the originating department?

(If so, please list the affected department(s), the nature of the impact (financial, operational, etc), and indicate which staff members in the other department(s) are aware of the proposed legislation.)

Yes, the Department of Finance and Administration.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives? (Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)

None.

e) Is a public hearing required for this legislation?

(If yes, what public hearing(s) have been held to date, and/or what public hearing(s) are planned for the future?)

No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

(For example, legislation related to sale of surplus property, condemnation, or certain capital projects with private partners may require publication of notice. If you aren't sure, please check with your lawyer. If publication of notice is required, describe any steps taken to comply with that requirement.)

No.

g) Does this legislation affect a piece of property?

(If yes, and if a map or other visual representation of the property is not already included as an exhibit or attachment to the legislation itself, then you must include a map and/or other visual representation of the property and its location as an attachment to the fiscal note. Place a note on the map attached to the fiscal note that indicates the map is intended for illustrative or informational purposes only and is not intended to modify anything in the legislation.)

No.

h) Other Issues:

List attachments to the fiscal note below: