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Movius/Jenkins  
FAS Taxicab Meter Rate ORD  
June 29, 2012  
Version 7

CITY OF SEATTLE

ORDINANCE \_\_\_\_\_

COUNCIL BILL 117465

AN ORDINANCE relating to taxicabs and for-hire vehicles; increasing the taximeter rates for taxicabs licensed to operate in Seattle; increasing the flat rate from the downtown hotel district to the Seattle-Tacoma International Airport; allowing for the charging of tolls and fares in addition to the taximeter rate or flat rate; clarifying the factors considered in the City Council's review of taximeter rates, and amending Section 6.310.530 of the Seattle Municipal Code in connection thereto.

WHEREAS, with the passage of Ordinance 122734, the current taximeter rates became effective on October 1, 2008; and

WHEREAS, since that time the national and local economies have suffered from recession and increases in the cost of living; and

WHEREAS, in addition to changes in the overall economic climate, the Washington State Legislature passed ESHB 1367, mandating industrial insurance coverage for certain for-hire vehicle businesses and operators, effective January 1, 2012;

WHEREAS, the State of Washington began collecting retail sales tax on taxicab leases; and

WHEREAS, the Consumer Price Index has risen approximately 2.7 percent in the Seattle metropolitan area since the previous taximeter rate increase; and

WHEREAS, a new toll was instituted on the SR520 Bridge; and

WHEREAS, significant increases in the cost of doing business, coupled with the difficult economic climate over the past few years, warrant an adjustment to taximeter rates so that passenger may equitably share with drivers and operators the burden of these new costs;

WHEREAS, the City has in the past considered the economic effect of taximeter rate changes on the public, taxicab owners and drivers and it is appropriate to clarify that the impact on drivers' income is a factor considered in reviewing taximeter rates; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. Section 6.310.530, which was last amended by Ordinance 122734, is amended as follows:



1           **SMC 6.310.530 Rates**

2           A. The rates for taxicabs licensed to operate in Seattle shall be established by the Seattle  
3 City Council.

4           B. In reviewing rates the Council may take into account, among other things, and with the  
5 objective of prescribing a just and reasonable rate, the following factors:

6           1. The information in a report prepared by the Director pursuant to SMC Section  
7 6.310.520;

8           2. The public's need for adequate taxi service at the lowest level of charges consistent  
9 with the provision, maintenance and continuation of such service;

10           3. The rates of other licensees operating in similar areas;

11           4. The effect of such rates upon transportation of passengers by other modes of  
12 transportation;

13           5. The owners' need for revenue of a level that, under honest, efficient and economical  
14 management, is sufficient to cover all costs (including all operating expenses and license fees of  
15 providing adequate taxi service, plus a reasonable profit to the owner); ~~((and))~~

16           6. Consistency of rates with those charged by King County~~((:))~~; and

17           7. The lease drivers' need for revenue, based on a reasonable number of driving hours per  
18 shift, sufficient to provide a living income after payment of taxicab lease rent (including drivers'  
19 contributions to both retail sales tax on the lease amount and to Workers' Compensation  
20 industrial insurance premiums), fuel costs and any cashier's fees.

21           C. No taxicab shall have more than one ~~((1))~~ rate on its meter, except that a taxicab  
22 licensed by both Seattle and King County shall not have more than two rates on its meter, one  
23 fixed rate for Seattle and one rate as filed with King County.

24           D. Except for special or contract rates as provided for in this chapter, or any per trip fee  
25 established by the Port of Seattle and set forth in any operating agreement or tariff, or an airport  
26



1 flat rate defined in this section, or a temporary fuel surcharge authorized by the Director pursuant  
2 to subsection I of this section, or any toll or charge established for roads, bridges, tunnels or  
3 ferries, it shall be unlawful for anyone operating a taxicab licensed by The City of Seattle to  
4 advertise, charge, demand or receive any greater or lesser rate than the following:

5 Meter rate:

6 1. Drop charge: for passengers for first ~~((1/10))~~ 1/9 mile.... \$2.50

7 2. Per mile: For each ~~((1/10))~~ 1/9 mile or fraction thereof after the first ~~((1/10))~~ 1/9 mile....  
8 ~~(((\$0.25))~~ \$0.30

9 3. For every one ~~((1))~~ minute of waiting time.... \$.50\* (charged at ~~(((\$0.25))~~ \$0.30 per  
10 ~~((30))~~ 36 seconds)

11 4. Additional per passenger charge for more than two ~~((2))~~ persons, excluding children  
12 under twelve ~~((12))~~ years of age.... \$.50

13 \* Waiting time rates are charged when taxicab speed is less than ~~((twelve (12))~~ 11 miles  
14 per hour or when a taxicab driver is asked to wait for the customer.

15 E. Special Rates, Contract Rates, "Downtown to Airport" Flat Rate, and Coupons.

16 1. Special rates as defined in this chapter shall be calculated as a fraction or percentage  
17 of the meter rate or a fixed dollar amount per trip.

18 2. The special rates must be filed with the Director on forms furnished by the Director.

19 3. All special rates and/or contract rates shall be filed once a year at the time of  
20 application by the taxicab association representative, or by the owner of a for-hire vehicle which  
21 is not a taxicab.

22 4. Licensees may change the special rates filed no more than once a year.

23 5. Contract rates set during the license year shall be filed within two ~~((2))~~ weeks of  
24 securing such contract and before implementing the contract rate. Contracts must be between  
25 taxicab associations and businesses or non-profit organizations. Passengers transported under

1 contracts must pay the fares to drivers using vouchers issued by the contracting business or non-  
2 profit organizations (Class B – each incident).

3 6. All taxicabs shall charge a flat rate of ~~((Thirty Two Dollars (\$32)))~~ \$40 from the  
4 downtown hotel district to Seattle-Tacoma International Airport except when contract rates are in  
5 effect for the trip, or when the Director has temporarily suspended the flat rate in accordance  
6 with subsection J of this section. The downtown hotel district is the area defined by Broad Street  
7 to Mercer Street to I-5 on the north, Elliot Bay on the west, South Dearborn Street on the south,  
8 and Boren Ave, to the I-5 Freeway and then the Freeway on the east.

9 7. The use of coupons or discounts to establish a lower rate, or a rate not provided  
10 within this section, is prohibited (Class A - each incident).

11 \*\*\*

12 K. The Director shall specify by rule how tolls or charges established for roads, bridges,  
13 tunnels or ferries shall be charged to taxicab or for-hire vehicle passengers and shall prescribe  
14 required signage for the vehicles for such purposes.

15  
16 Section 2. By December 1, 2013 the Department of Finance and Administrative Services  
17 shall present to the City Council a written report indicating whether or not the fare increases  
18 authorized under this legislation have accomplished the goal of reducing the burden of increased  
19 costs faced by taxi drivers from 1) industrial insurance requirements imposed by the Washington  
20 State legislature in Engrossed Substitute House Bill 1367, 2) the collection of retail sales tax on  
21 taxi leases, while 3) providing taxi drivers with a minimum 2.7% cost of living increase.

1 Section 3. This ordinance shall take effect and be in force 30 days after its approval by  
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it  
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4  
5  
6 Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 2012, and  
7 signed by me in open session in authentication of its passage this  
8 \_\_\_\_ day of \_\_\_\_\_, 2012.

9  
10  
11 \_\_\_\_\_  
12 President \_\_\_\_\_ of the City Council

13 Approved by me this \_\_\_\_ day of \_\_\_\_\_, 2012.

14  
15  
16 \_\_\_\_\_  
17 Michael McGinn, Mayor

18 Filed by me this \_\_\_\_ day of \_\_\_\_\_, 2012.

19  
20  
21 \_\_\_\_\_  
22 Monica Martinez Simmons, City Clerk

23 (Seal)

**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
FAS	Denise Movius/4-9259	Jennifer Devore/5-1328

**Legislation Title:**

AN ORDINANCE relating to taxicabs and for-hire vehicles; increasing the taximeter rates for taxicabs licensed to operate in Seattle; increasing the flat rate from the downtown hotel district to the Seattle-Tacoma International Airport; allowing for the charging of tolls and fares in addition to the taximeter rate or flat rate; clarifying the factors considered in the City Council's review of taximeter rates, and amending Section 6.310.530 of the Seattle Municipal Code in connection thereto.

**Summary of the Legislation:**

This legislation amends Seattle Municipal Code Section 6.310.530, authorizing an increase in taximeter rates as well as the flat fee charged for taxi service from Seattle's downtown hotel district to Seattle-Tacoma International Airport. The legislation also authorizes the Director of Finance and Administrative Services to specify by rule how taxi and for-hire vehicle drivers may charge for tolls on roads, bridges, tunnels, or ferries. Finally, the Bill includes clarifying language reflecting that the City's review of taximeter rates includes consideration of impacts on drivers' incomes. These changes are proposed to compensate taxicab owners and drivers for the significant income erosion they have faced over the years due, in great part, to changes in the economic and business climate in our region.

**Background**

The City of Seattle regulates taxicabs and for-hire vehicles that pick up customers within the city limits. Since the time taximeter rates were last established by Ordinance 122734 in October 2008, the following events have transpired, negatively affecting the wage-earning ability of cab drivers in the Seattle area:

- the cost of living in Seattle rose 2.7% as measured by the Bureau of Labor Statistics' latest Consumer Price Index for Seattle-Tacoma-Bremerton;
- the Washington State Legislature passed ESHB 1367, which mandated industrial insurance coverage for certain for-hire vehicle businesses and operators, effective January 1, 2012. The cost associated with the industrial insurance coverage is estimated to be \$0.26 per trip);
- the Department of Revenue (DOR) began enforcing the assessment of retail sales tax on taxicab leases after the City had mandated written lease agreements between taxicab owners and drivers in 2008 via Ordinance 122763. While the



requirement for taxicab drivers to pay sales tax on the amount of the taxicab lease is not new, DOR had not previously enforced the requirement, taxicab owners had not collected the tax, and the tax was never included when determining taximeter rates. The cost associated with DOR's retail sales tax is estimated to be \$0.06 per trip.

- the actual cost of driving from Seattle's downtown hotel district to the Seattle-Tacoma International is significantly more expensive, so the legislation increases the flat fee charge from \$32 to \$40; and
- On December 29, 2011, tolls were instituted on the SR 520 bridge. This legislation authorizes taxicab drivers and for-hire vehicle operators to charge passengers for the cost of the tolls, unless the passenger chooses to take a less direct route to avoid the toll.

**X This legislation does not have any financial implications.\***

\*While this legislation does not have substantive implications on the City's budget, it has significant financial implications for taxicab and for-hire vehicle drivers, operators, and businesses who work in Seattle.

**Other Implications:**

- a) Does the legislation have indirect financial implications, or long-term implications?**  
No
- b) What is the financial cost of not implementing the legislation?**  
Taxi drivers, who barely earn a living wage now, will see their incomes further reduced
- c) Does this legislation affect any departments besides the originating department?**  
No
- d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?** None
- e) Is a public hearing required for this legislation?**  
No
- f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**  
No
- g) Does this legislation affect a piece of property?**  
No
- h) Other Issues:**



Denise Movius  
FAS, Taxicab Meter Rate FISC  
March 15, 2012  
Version #6

None

**List attachments to the fiscal note below:**

N/A





City of Seattle  
Office of the Mayor

April 17, 2012

Honorable Sally J. Clark  
President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill that authorizes an increase in taximeter rates as well as the flat fee charged for taxi service from Seattle's downtown hotel district to Seattle-Tacoma International Airport. The legislation also authorizes the Director of Finance and Administrative Services to specify by rule how taxi and for-hire vehicle drivers may charge for tolls on roads, bridges, tunnels, or ferries. Finally, the Bill includes clarifying language reflecting that the City's review of taximeter rates includes consideration of impacts on drivers' incomes. The changes proposed in this legislation will help to compensate taxicab owners and drivers for the significant income erosion they have faced over the years due, in great part, to changes in the economic and business climate in our region.

The City of Seattle regulates taxicabs and for-hire vehicles that pick up customers within the city limits. Since the time taximeter rates were last established in October 2008, the following events transpired that negatively affected the wage-earning ability of cab drivers in the Seattle area:

- the cost of living in Seattle rose 2.7% as measured by the Bureau of Labor Statistics' latest Consumer Price Index for Seattle-Tacoma-Bremerton;
- the Washington State Legislature passed ESHB 1367, which mandated industrial insurance coverage for certain for-hire vehicle businesses and operators;
- the Department of Revenue began enforcing the assessment of retail sales tax on taxicab leases;
- the actual cost of driving from Seattle's downtown hotel district to the Seattle-Tacoma International Airport has increased; and
- tolls were instituted on the SR 520 bridge.

Passage of this legislation will allow taxicab drivers and owners to earn a livable wage and continue providing a much-needed service to our city's residents and visitors. Thank you for your consideration of this legislation. Should you have questions, please contact FAS Deputy Director Denise Movius at 684-9259.

Sincerely,

Michael McGinn  
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

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