

2012 Taximeter Rate Increase Ordinance  
CB 117465  
May 31, 2012

**Summary:** CB 117465 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 income-earning ability of cab drivers in the Seattle area:

- Cost of living in Seattle rose 2.7% as measured by the Bureau of Labor Statistics' latest Consumer Price Index for Seattle-Tacoma-Bremerton;
- 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);
- 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 \$0.65 per trip.
- Actual cost of driving from Seattle's downtown hotel district to the Seattle-Tacoma International Airport 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.

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The taxicab industry is a \$75 million privately-owned for-profit industry that operates without any government subsidies. As a result, the passenger fares must pay 100% of the actual costs for the taxicab services. Many of the 5 million trips performed annually by the Seattle taxicab industry provide door-to-door transportation for low income and fixed income residents to doctor appointments and to the grocery store.

The taximeter fare has three components: the drop charge (charge for 1<sup>st</sup> distance increment) + distance charge (charge for each additional distance increment) + time charge (charge for each increment of time). The proposed taximeter rate places the full increase in the distance charge – not raising the drop charge or time charge - so that the impact of the rate increase does not fall disproportionately on low income and fixed income passengers who take a lot of short trips. The distance charge increase fairly distributes the new fare increase based upon the length of the taxicab trips.

The new taximeter rate will raise the taxicab fare on the average 4.4 mile trip from \$14.80 to \$15.65, an increase of \$0.85 (5.7%). The increase in taxicab fares will vary slightly depending upon the trip length. Some examples are presented below.

From/To	Distance	Current Taximeter Rate	Proposed Taximeter Rate
Average Trip	4.4 miles	\$14.80	\$15.65 (+5.7%)
Benaroya Hall to 5 <sup>th</sup> and Galer Street	2.2 miles	\$7.75	\$8.20 (+5.8%)
Macy's to Eastlake and Boston Streets	2.4 miles	\$8.25	\$8.80 (+6.7%)
Town Hall to beacon Hill Library	3.2 miles	\$10.25	\$10.90 (+6.3%)
24th Ave NW and NW Market Street to Northgate Mall	5.6 miles	\$16.25	\$17.50 (+7.7%)
California Ave SW and SW Alaska Street to Harborview Hospital	6.2 miles	\$17.75	\$19.00 (+7.0%)
West Seattle High School to Sea-Tac Airport	13.4 miles	\$35.75	\$38.50 (7.7%)

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**Outreach:**

- October 27, 2011 – Emailed draft ordinance and backup documentation to Jodie Trueblood, King County who staffs the Seattle-King County Taxicab Advisory Commission
- November 1, 2011 – Briefed Seattle-King County Taxicab Advisory Commission; responded to questions
- November 2, 2011 – Briefed Taxicab Advisory Group; responded to questions
- November 16, 2011 – Briefed Taxicab Association Representatives; responded to questions
- January 6, 2012 – Met with staff from King County to discuss the draft ordinance
- January 25, 2012 – Briefed Taxicab Association Representatives on revision due to change in L&I rates
- January 27, 2012 – Revised draft sent to Taxicab Advisory Group and Taxicab Association Representatives
- February 7, 2012 – Briefed Seattle-King County Taxicab Advisory Commission on revisions
- February 8, 2012 – Provided update to Taxicab Advisory Group
- February 27, 2012 – Met with staff from King County to continue discussion on rate increase proposal
- March 20, 2012 – Seattle-King County Taxicab Advisory Commission holds special meeting to discuss recommendations regarding rate increase proposal