



NEW YORK CITY LAW DEPARTMENT
OFFICE OF THE CORPORATION COUNSEL

Michael A. Cardozo, *Corporation Counsel*

Press Release

nyc.gov

For Immediate Release

STATE COURT REJECTS CHALLENGE TO MAYOR'S GREEN TAXI INCENTIVES PROGRAM

CITY CAN ADJUST TAXI LEASE RATES TO ENCOURAGE THE PURCHASE OF HYBRID TAXICABS

Contact: Kate O'Brien Ahlers, Communications Director, (212) 788-0400, media@law.nyc.gov

New York, Nov. 20, 2009 – State Court Justice Jane Solomon ruled today that the New York City Taxi and Limousine Commission (TLC) has the authority to use taxicab lease rates as a means of implementing financial incentives designed to encourage the purchase of hybrid and clean diesel taxicabs, and that the TLC can set lease rates based on policy considerations.

The incentive program, which is also the subject of a pending federal court appeal in the Second Circuit, amends the TLC-regulated taxicab lease rates to allow the owners of hybrid and clean diesel to charge taxi drivers three dollars more per shift than the previous maximum lease rate.

The maximum lease rate for owners of the less fuel efficient Ford Crown Victoria, the standard New York City taxi model, decreases by four dollars per shift in 2009 and by twelve dollars per shift in 2011, when the regulation is fully phased-in. There is currently a federal court injunction blocking the four-dollar-per-shift decrease in maximum lease rates for Crown Victorias. The three-dollar-per-shift incentive for hybrids has been in effect since May 1st.

A group of taxi fleet owners representing approximately 25 percent of the New York City taxi industry have alleged that the TLC's new regulation is arbitrary, capricious and in conflict with the City Charter, because it uses environmental policy, rather than an analysis of taxi owner costs, to set lease rates. In today's decision, the Court refused the taxi fleet owners' request to strike down the incentive program on State law grounds, writing that the TLC's incentive program was "well within its broad powers as articulated in ... the New York City Charter."

The Court also ruled that the TLC acted reasonably when it changed taxi lease rules to include State sales and rental taxes within the lease cap amount.

Michael Cardozo, the City's Corporation Counsel said: "We are pleased with the Court's ruling, and we are grateful that Justice Solomon credited the City's argument that environmental goals provide an important rationale for setting public transportation policy."

The City's legal team included Senior Counsel Ramin Pejan, Assistant Corporation Counsel Adam Stolorow and Division Chief Susan Kath of the New York City Law Department's Environmental Law Division.

The New York City Law Department is one of the oldest, largest and most dynamic law offices in the world, ranking among the top three largest law offices in New York City and one of the largest public law offices in the country. Tracing its roots back to the 1600's, the Department has an active caseload of 90,000 matters and transactions in 17 legal divisions. The Corporation Counsel heads the Law Department and acts as legal counsel for the Mayor, elected officials, the City and all its agencies. The

Department's 650 attorneys represent the City on a vast array of civil litigation, legislative and legal issues and in the criminal prosecution of juveniles. For more information, please visit nyc.gov/law.

#