NEW YORK CITY TAXI AND LIMOUSINE COMMISSION

Notice of Promulgation of Rules

Notice is hereby given in accordance with section 1043(b) of the Charter of the City of New York ("Charter") that the Taxi and Limousine Commission ("TLC") promulgates rules to amend the TLC's Taximeter Business Rules to reflect changes needed as the result of creation of Street Hail Livery Service.

These rules are promulgated pursuant to sections 1043 and 2303(b) of the Charter and section 19-503 of the Administrative Code of the City of New York, and chapter 602 of the Laws of 2011 and chapter 9 of the Laws of 2012 of New York State.

On April 19, 2011, a public hearing was held by the TLC at the Brooklyn Borough Hall, 209 Joralemon Street, Brooklyn, New York and these rules were approved at the hearing on April 19. These rules will take effect 30 days after publication.

Statement of Basis and Purpose of Rule

On December 23, 2011 Governor Cuomo signed into law chapter 602 of the Laws of 2011, and on February 17, 2012, signed into law chapter 9 of the Laws of 2012, which amended the previous statute. This legislation allows New York City to issue up to 18,000 transferable licenses to for-hire vehicles authorizing them to pick up passengers by street hail anywhere outside Manhattan (except for the airports) and in Manhattan north of West 110th Street and north of East 96th Street. Up to 6,000 of these licenses for Street Hail Liveries can be issued in the first year of the program. Twenty percent of these licenses will be set aside for wheelchair accessible vehicles (City subsidies for accessible vehicle purchase/upgrades will be available).

These rules will implement the state legislation, which outlines the characteristics of and the services that the new Street Hail Vehicles will provide to New York City residents and visitors. The state legislation and the rules aim to improve access to safe, legal and convenient street hail service for the 6.7 million New York City residents who live outside of the neighborhoods where yellow taxi service is generally available.

The rule changes are organized as follows:

1. Amendment to Definitions (Chapter 51) to incorporate Street Hail Liveries
2. Amendment to For-Hire Service (Chapter 59B) to outline requirements for base stations authorized to affiliate Street Hail Liveries
3. New chapter on Street Hail Livery Service outlining licensing, service and vehicle requirements
4. Amendments to Medallion Taxicab Drivers (Chapter 54) to incorporate requirements for drivers of Street Hail Liveries

5. New chapter on Technology Vendors creating a new licensee type for vendors of taxicab technology for Street Hail Liveries.

This statement first provides some background on existing street hail service availability and passenger demand for this service, and explains the rationale for the Street Hail Livery program. It then discusses the purpose of some of the more specific rules being to implement the program.

Background: Brooklyn, the Bronx, Queens, Staten Island, & Northern Manhattan Lack Street Hail Service

Currently, yellow taxis with medallions issued by the TLC are the only vehicles authorized to pick up passengers by street hail anywhere in the city. However, according to recent GPS data collected by TLC, 95% of all yellow taxi street hail pickups are in Manhattan's Central Business District (CBD) and at La Guardia or JFK airports. The demand for street hail service in Northern Manhattan, Brooklyn, Bronx, Queens and Staten Island neighborhoods, where 80% of the City's population lives, but where yellow taxis choose not to go, is met (illegally) by livery vehicles, which are licensed to pick up passengers only by prearrangement. TLC staff who recently observed passengers hailing rides at various locations outside Manhattan counted 65 street hails per hour at Mermaid and Stillwell Avenues in Brooklyn, 39 per hour at Jamaica Avenue and Parsons Boulevard in Queens, and 19 per hour at Grand Concourse and 149th Street in the Bronx. All street-hails observed by TLC were picked up by livery vehicles.

The current licensing and street hail regulations mean that:

- Livery drivers who pick passengers up from the street by hail to meet the existing demand, but do so without notification from the base, are put in the position of routinely violating the law.
- Business districts outside of the Manhattan CBD are at a competitive disadvantage because their clients and customers do not have access to safe, legal and convenient street hail service for travel between meetings or home from shopping trips.
- Residents who use the street-hail service from liveries are not protected by nor benefit from key features of yellow taxicab service:

    - **Set Fares:** Fares, determined in a livery street-hail pickup by haggling between the driver and the passenger (who is often uncomfortable with this arrangement), are not metered or otherwise regulated and leave passengers vulnerable to over-charging.
    - **Safety and Security:** Licensed livery vehicles can be difficult for street hail passengers to distinguish from unlicensed vehicles. Many passengers seeking to hail a livery on the street are exposed, without their knowledge, to uninsured and possibly unsafe vehicles and to drivers with unknown safety records.
    - **Convenience and Customer Service:** Most livery vehicles have no GPS locator, which can make it hard to help street-hail passengers recover lost property. Most livery vehicles do not offer passengers the convenience of paying by debit or credit card, an extremely popular feature among yellow taxi passengers.

- **Wheelchair Access:** Only a minute fraction of existing livery vehicles are accessible to wheelchair users. Although there are currently TLC rules in place that require the for-hire industry to provide service to wheelchair users, the service currently available is insufficient to meet wheelchair users' mobility needs.

Purpose of Rules

The legislation enacted in Albany, which these rules implement, addresses the problems described above by authorizing the City to issue transferable Street Hail Livery licenses. Vehicles with these licenses will be permitted to pick up street hail passengers anywhere in Brooklyn, the Bronx, Staten Island, Northern Manhattan (north of W. 110th St. and north of E. 96th St.), and Queens (excluding airports). They can also pick up passengers by prearrangement anywhere except Manhattan south of W. 110th St. and E. 96th St. This will ensure that these new Street Hail Livery Vehicles serve the neighborhoods that are currently underserved by yellow taxis and protect yellow taxis from competition in the areas of the city they typically serve.

Vehicle Requirements. Street Hail Liveries will have a variety of features, as described in these rules, to make them safer and more convenient for passengers. These features include:

1. Meters calculating a uniform fare for street-hail trips (to provide predictability for passengers, build trust between drivers and passengers, and prevent price gouging)
2. Credit and debit card readers (to make it easier for passengers to pay their fares and reduce the amount of cash drivers carry)
3. GPS locators (to assist with locating lost property and to assist TLC enforcement with preventing Street Hail Liveries from making illegal pickups)
4. Distinguishing markings (a uniform color scheme, text markings, and roof light) so passengers know they are entering a legal car with a licensed driver

Accessibility. The Street Hail Livery program also expands transportation options for individuals who use wheelchairs. As per the state legislation, 20 percent of Street Hail Liveries will be required to be accessible to individuals who use wheelchairs. Individuals who purchase Street Hail Livery licenses that are part of this accessibility initiative will be eligible for a City subsidy to cover costs of upgrading their vehicles or purchasing new accessible vehicles. This will significantly expand access to both prearranged and hail service for wheelchair users, expanding these individuals' ability to travel around the city.

Driver Requirements. To ensure that Street Hail Livery drivers can safely and effectively operate a Street Hail Livery and provide excellent customer service, these rules require that new Street Hail Livery drivers be licensed by the Commission and be either (1) existing licensed for-hire vehicle drivers, (2) existing licensed yellow taxi ("hack") drivers, or (3) existing licensed paratransit drivers (for accessible vehicles). Individuals who do not fall into any of the three categories above will be required to obtain a yellow taxi hack license to operate a Street Hail Livery.

Service Requirements. To ensure that the public receives good customer service in Street Hail Liveries, these rules outline the service Street Hail Livery drivers must provide. This includes many requirements that are found in the yellow taxi industry, such as rules surrounding service refusals, compliance with reasonable passenger requests, and rates charged.

Service Options. Street Hail Liveries will be permitted to provide both prearranged and street hail service. This gives drivers flexibility to adapt to fluctuations in customers' demand for each of these types of service (e.g., prearranged airport drop-offs in the early morning and street hail rides late-night). This enables drivers to maximize revenue earned and gives bases flexibility to respond to spikes and troughs in demand.

Enforcement. To protect yellow taxis in areas where they are the only vehicles authorized to pick up street hails; these rules clearly define the areas where Street Hail Liveries are not allowed to make pickups and the penalties for violating these rules. Vehicle requirements will include GPS technology that will enable TLC to detect and penalize Street Hail Liveries that make illegal pickups, putting violators' licenses in jeopardy.

Base Requirements. State legislation requires that each Street Hail Livery be affiliated with a base that is specially licensed to affiliate Street Hail Liveries. These rules outline the process for bases to become licensed to affiliate a Street Hail Livery, along with these bases' responsibilities. These responsibilities include ensuring their Street Hail Livery vehicles and drivers comply with TLC rules and transmitting the 50 cent MTA surcharge on each hail ride to the MTA.

Technology Vendor Requirements. State legislation authorizes the TLC to license vendors of credit card and customer enhancements technology to Street Hail Liveries. The TLC intends to regulate these vendors because it believes that licensure is preferable to the procurement and contract approach used in the taxicab industry. Under a regulatory approach, any vendor who can meet TLC requirements can apply for a license. This will maintain vendor competition and allow the TLC to create and enforce consistent service standards for all licensees. In addition, the TLC believes that a regulatory approach will enable it to revisit and revise standards as technology and other factors advance. Accordingly, the TLC believes that the competition permitted by a regulatory approach is key to both keeping prices affordable and improving service quality. Allowing multiple taxicab technology vendors to develop and provide taxicab technology is important for fostering innovation and giving the for-hire industries choices. Moreover, the TLC believes that the benefits of competition in the for-hire industries may ultimately feed into the taxi industry by permitting advances in technology that may benefit passengers in all the industries the TLC regulates. In order to maintain the ability for multiple vendors to provide taxicab technology--while maintaining TLC oversight and quality control--these rules outline the process and standards for becoming a TLC-licensed technology vendor.

In addition to providing a service to the public, the Street Hail Livery program provides opportunities for the industries TLC regulates:

- Livery drivers and bases that choose to enter the Street Hail Livery business (which is completely optional for both vehicle owners and bases) will expand the ways in which they may legally serve the communities they have been serving for years by providing

not only high-quality prearranged service, but also safe, convenient and legal street hail service.

- The street hail business that already exists in many neighborhoods outside the Manhattan CBD will be brought out of the shadows, bringing legitimacy and pride to those providing this service.
- Income-generating opportunities for drivers will increase as more customers will be enticed to take advantage of the predictability and quality of this new street hail service.

Changes to Taximeter Rules

These rules amend the Commission's current rules for taximeter businesses to reflect that

- meters will be installed in Street Hail Liveries, and
- meters and Street Hail Livery Technology Systems ("LPEPs") [1] must be integrated.

The amended rules will provide requirements for taximeters, taximeter manufacturers and LPEP Providers that are identical to those in place today for taxis and T-PEP[2].

New Material is underlined.

[Deleted Material is in brackets.]

"Shall" and "must" denote mandatory requirements and may be used interchangeably in the rules of this department, unless otherwise specified or unless the context clearly indicates otherwise.

Section 1 Section 64-03 of chapter 64 of Title 35 of the Rules of the City of New York is amended by relettering definitions (d) and (e) as definitions (e) and (f) and definitions (f) through (l) as definitions (i) through (o) and by adding new definitions (d), (g) and (h), to read as follows:

§64-03 Definitions Specific to this Chapter

. . . .

(d) *LPEP Provider License* has the same meaning given such term in §83-03 of these Rules.

[1] "LPEP" is an acronym for Livery Passenger Enhancements Program and the short form term for Street Hail Livery Technology System.

[2] "TPEP" is an acronym for Taxicab Passenger Enhancements Program, the four core services available in Taxicabs: credit/debit card payment for fares, text messaging to and from drivers, the ability to record, collect and transmit Trip Record data and the ability to provide passengers information through a Passenger Information Monitor.

(g) *Street Hail Livery Technology System or LPEP* shall have the same meaning given such term in §51-03 of these Rules.

(h) *Street Hail Livery Technology System Provider or LPEP Provider* shall have the same meaning given such term in §51-03 of these Rules.

Section 2 Subdivision (j) of section 64-04 of chapter 64 of Title 35 of the Rules of the City of New York is amended to read as follows:

§64-04 Licensing – General Requirements

. . . .

(j) *Manufacturer's Agreement to Cooperate with T-PEP Providers and LPEP Providers*. A [t]Taximeter [m]Manufacturer's application must include its agreement to cooperate with:

(1) any approved T-PEP Provider to bring about an interface between the Manufacturer's Taximeters and the T-PEP; and

(2) any individual or Business Entity that is seeking to apply for or has been granted an LPEP Provider License to bring about an interface between the Manufacturer's Taximeters and a proposed LPEP.

Section 3 Paragraph (2) of subdivision (a) of section 64-19 of chapter 64 of Title 35 of the Rules of the City of New York is amended to read as follow:

§64-19 Business Requirements – Notifications to TLC of unauthorized or illegal activity

(a) A Taximeter Business must notify the Commission immediately by telephone and in writing within 24 hours when any of the following occurs:

. . .

(2) A T-PEP has been presented for installation, repair, adjustment or calibration that the Taximeter Business knows or has reason to know has not been provided by a T-PEP Provider. An LPEP has been presented for installation, repair, adjustment or calibration that the Taximeter Business knows or has reason to know has not been provided by an LPEP Provider.

Section 4 Subdivision (a) of section 64-31 of chapter 64 of Title 35 of the Rules of the City of New York is amended, subdivision (c) of such section is relettered subdivision (d) and, as relettered, is amended, and a new subdivision (c) is added, to read as follows:

§64-31 Taximeter Manufacturers – Requirements

(a) *Cooperation with T-PEP Providers and LPEP Providers*. No Taximeter can be used with any Taxicab Technology System unless the Taximeter's [m]Manufacturer has agreed to interface its Taximeter with the Taxicab Technology Systems of all T-PEP Providers that have chosen that Taximeter. No Taximeter can be used with any Street Hail Livery Technology System (LPEP) unless the Taximeter's Manufacturer has agreed to interface its Taximeter with the LPEPs of all individuals or Business Entities that are seeking to apply for or have been granted an LPEP Provider License and that have chosen that Taximeter.

. . . .

(c) *Street Hail Livery Technology System Installation.* When notified that one of its Taximeters has been selected by an individual or Business Entity that is seeking to apply for ("Applicant") or has been granted a LPEP Provider License ("LPEP Provider"), the Taximeter Manufacturer must choose one of the following options:

(1) *System Installation by Individual, Business Entity or LPEP Provider*

(i) The Taximeter Manufacturer must provide to the Applicant or LPEP Provider all information on the design and inner operation of the Taximeter that is necessary for the Applicant or LPEP Provider to establish an interface and communication of data between the LPEP and the Taximeter.

(ii) Before providing the information on the design and inner operation of a Taximeter, a Taximeter Manufacturer can require the Applicant or LPEP Provider to execute a non-disclosure agreement ("NDA") that is in a form agreed to by the parties.

(2) *System Installation by Taximeter Manufacturer*

(i) Within five (5) days of the notification of selection, the Taximeter Manufacturer must execute an NDA with the Applicant or the LPEP Provider in a form substantially similar to the NDA in a form agreed to by the parties, as set forth in subparagraph (1)(ii) above.

(ii) When the NDA is executed, the Applicant or the LPEP Provider must provide to the Taximeter Manufacturer all information on the design and inner operation of the Applicant's or LPEP Provider's LPEP that is necessary for the Taximeter Manufacturer to establish an interface and communication of data between its Taximeter and the LPEP.

(iii) The Taximeter Manufacturer must then perform the work of establishing an interface and communication of data between its Taximeter and the LPEP.

(iv) The Taximeter Manufacturer must ensure that when the LPEP is installed, the interface and communication of data are and will effective.

(v) The Taximeter Manufacturer must submit to the Commission on an annual basis a signed certification that it has established and continues to establish an interface and communication of data between the LPEP and its Taximeter.

(d) *Separate Violations.* Each failure on the part of a Taximeter Manufacturer to cooperate with a T-PEP Provider as provided in [subdivisions] paragraphs (b) (1) and (2) of this section will constitute a separate violation of this rule. Each failure on the part of a Taximeter Manufacturer to cooperate with an Applicant or LPEP Provider as provided in subdivision (c) of this section will constitute a separate violation of this rule.

§64-31(a)-[(c)](d)	Penalty: $10,000 for first violation; revocation of License for second violation	Appearance REQUIRED

Section 5 Paragraph (1) of subdivision (c) of section 64-32 of chapter 64 of Title 35 of the Rules of the City of New York is amended to read as follows:

§64-32 Taximeter Manufacturers – Appointment of Manufacturer's Representative

. . . .

(c) In the event a Taximeter Manufacturer chooses to appoint a Manufacturer's Representative to hold a License, the following provisions apply:

(1) The Manufacturer's Representative must have the ability to fulfill the requirements and obligations of a Taximeter Manufacturer under this

chapter, including the ability to cooperate with T-PEP Providers[,]as required in §64-31(a) and (b), and the ability to cooperate with an individual or Business Entity that is seeking to apply for or has been granted an LPEP Provider License as required in §64-31(c), and will be held jointly responsible with the Taximeter Manufacturer for fulfilling these duties and responsibilities. The Taximeter Manufacturer's appointment of a Manufacturer's Representative will not relieve it of responsibility for compliance.

Section 6 Subdivision (e) of section 64-33 of chapter 64 of Title 35 of the Rules of the City of New York is amended to read as follows:

§64-33 Comply with Laws – Conduct Rules

. . . .

(e) *Fraud, Misrepresentation & Larceny.* A Taximeter Licensee, while performing his or her duties and responsibilities as a Taximeter Licensee, must not commit or attempt to commit, alone or in concert with another, any act of fraud, misrepresentation, or larceny. Examples of fraud, larceny, or misrepresentation include, but are not limited to, calibration of a fare other than that set by the Commission; adjustment of the tire size, driving axle, transducer, wiring, or other equipment for the purpose of generating an inaccurate signal of time or distance into the Taximeter, [or] the Taxicab Technology System or the Street Hail Livery Technology System; the manufacture, sale or installation of any device that is either designed to or does generate a false or inaccurate signal into the Taximeter, [or] the Taxicab Technology System or the Street Hail Livery Technology System; or falsification of Taxicab Technology System or Street Hail Livery Technology System records.