

Taxicab and Street Hail Livery Improvement Funds

Report to City Council

Submitted on April 29, 2020

Background

In 2014 the Taxi and Limousine Commission (TLC) passed rules to create the Taxicab Improvement Fund (TIF) and the Street Hail Livery Improvement Fund (SHLIF). The funds were created as part of an overall strategy by the agency to increase the number of accessible taxicabs. The agency goal is for 50% of the yellow taxi fleet to be accessible, and for over 20% of the green street hail livery (SHL) fleet to be accessible. The funds are financed through the assessment of a 30-cent surcharge on every yellow and green taxicab trip. The surcharge was originally split to provide incentive payments to owners and drivers of wheelchair accessible vehicles. In May 2018, the TLC passed rules to permit an increase in payments made to drivers.

Collections

Starting January 1, 2015, the TLC began assessing a 30-cent surcharge paid by passengers on all taxicab trips. These funds are collected by medallion owners, medallion agents, and SHL permit owners and remitted to the TLC on a quarterly basis. The TLC calculates the total to be remitted by multiplying 30-cents by the total number of trips completed in each taxicab in the quarter. Bills are calculated roughly one month after each quarter's end, and owners and agents are given two weeks to dispute billing totals and one week to remit surcharge payments. Table 1 describes calendar year TIF and SHLIF collections as of February 29, 2020, respectively.

Table 1: Taxi Improvement Fund (TIF) and Street Hail Livery Improvement Fund (SHLIF) Collections¹

| Calendar Year | TIF | SHLIF | Total |
|---------------|----------------------|---------------------|----------------------|
| 2015 | \$29,363,009 | \$3,300,403 | \$32,663,412 |
| 2016 | \$36,744,907 | \$4,690,660 | \$41,435,568 |
| 2017 | \$34,875,102 | \$3,518,071 | \$38,393,173 |
| 2018 | \$25,673,436 | \$2,484,174 | \$28,157,610 |
| 2019 | \$28,998,113 | \$1,982,665 | \$30,980,778 |
| 2020 (YTD) | \$4,311,313 | \$365,787 | \$4,677,100 |
| Total | \$159,965,880 | \$16,341,761 | \$176,307,641 |

Distributions

Starting January 1, 2016, the TLC began distributing monies from the TIF to yellow taxi drivers who operated wheelchair accessible taxicabs and enrolled in the program. Yellow taxi drivers were initially paid \$0.50 per trip completed in an accessible vehicle, but this amount was increased to \$1.00 per trip in May 2018. In October 2018, the program expanded to include \$1.00 payments to drivers who complete trips in accessible green taxicabs. Drivers of yellow taxicabs are paid from TIF and green taxicabs are paid from SHLIF.

¹ Adjustments have been made to prior year financial data to more accurately reflect TIF Collections and Payments for those periods. These adjustments are not material to previously reported financial information.

In June 2019, the TLC implemented a one-time, \$100 signing bonus for drivers that perform 20 trips in a wheelchair accessible green or yellow taxicab. As of February 29, 2020 the program issued bonuses to 5,089 drivers, including 1,089 new drivers who enrolled in TIF since we started offering the driver bonus payment.

As of February 29, 2020 the program enrolled 7,991 drivers, of which 7,158 have received at least one payment. Payments typically range between \$100 - \$200 per driver per pay period and are issued to drivers every other week. Table 2 describes the TLC’s payments to drivers since the start of the program.

Table 2: TIF, SHLIF, and Accessible Dispatch Distributions²

| Calendar Year | Driver Payments | Owner Payments | Accessible Dispatch Costs | Total |
|---------------|-----------------|----------------|---------------------------|---------------|
| 2015 | \$0 | \$0 | \$699,753 | \$699,753 |
| 2016 | \$1,204,132 | \$10,522,662 | \$3,348,563 | \$15,075,357 |
| 2017 | \$3,355,055 | \$18,899,985 | \$3,883,804 | \$26,138,844 |
| 2018 | \$9,213,481 | \$15,518,137 | \$4,097,404 | \$28,829,022 |
| 2019 | \$14,020,751 | \$19,091,779 | \$8,278,804 | \$41,391,335 |
| 2020 (YTD) | \$2,342,865 | \$5,018,000 | \$1,520,326 | \$8,881,191 |
| Total | \$30,136,284 | \$69,050,564 | \$21,828,654 | \$121,015,501 |

Medallion owners who purchase an accessible taxicab are eligible to receive at least \$30,000 to offset the added cost associated with purchasing and operating accessible vehicles. Owners receive \$14,000 to offset the additional cost to purchase an accessible vehicle and may receive at least \$16,000 in maintenance and operations payments. These funds are distributed over a four-year period. Owners who keep their vehicle in service for more than four years continue to receive \$1,000 maintenance and operation payments for each quarter the taxicab remains in service. Owners are required to keep vehicles in service, participate in the TLC’s Accessible Dispatch program, and not owe any surcharge money to the TLC before they may receive payment. Payments are made to eligible owners once a month. In June 2019, the TLC modified its rules to expand the owner program and ease some restrictions in which medallions may receive incentive payments. Under the new rules all medallions, including those that are “WAV restricted”, may receive incentive payments for any wheelchair accessible taxicab brought into service.

As of February 29, 2020, the program enrolled 3,629 medallions, and paid 3,089 medallions to purchase and operate accessible taxicabs. Table 2 describes TIF payments to owners since the start of the program.

Accessible Dispatch is a centralized service that enables customers to request a wheelchair accessible taxicab for a pick-up anywhere in the five boroughs. Customers may contact 311, use a smartphone app, or call the dispatcher directly to request an accessible yellow or green taxicab.

² Adjustments have been made to prior year financial data to more accurately reflect TIF Collections and Payments for those periods. These adjustments are not material to previously reported financial information.

Customers pay the metered taxi fare and there is no additional charge for the service. The program was launched in September 2012 and served only Manhattan. In January 2018, the program expanded to serve all five boroughs. Funds from the surcharge have covered the cost of the Accessible Dispatch Program since 2015, of which over \$5 million has been paid directly to drivers as trip incentives that are received in addition to the metered taxi fare. As of February 29, 2020, 3,498 wheelchair accessible taxicabs participate in the program. Table 2 describes the improvement surcharge distributions to fund the program.

Recommendations and Analysis

Should the current surcharge be lowered, raised or kept the same?

Based on our review of current spending trends and projections, we believe the current surcharge is adequate and should be kept the same.

Are there possible alternate sources of funding for TIF or SHLIF other than the surcharge?

No other funding sources for TIF or SHLIF have been identified. Maintaining adequate funding for the program is important. Medallion owners have not voluntarily placed wheelchair accessible taxicabs into service without adequate financial support.

What costs are incurred by Owners and Drivers that are required to purchase and operate wheelchair accessible vehicles that are not incurred by Owners and Drivers who operate non-accessible vehicles?

The purpose of the Taxi Improvement Fund is to offset the higher cost of operating accessible taxicabs for Drivers and Owners. Compared to non-accessible taxicabs, accessible vehicles cost more upfront because of the wheelchair ramp mechanism. Accessible vehicles are also less fuel efficient because of the additional weight of the ramp, and they have higher maintenance costs. Enrolled drivers receive payments in the range of \$100 - \$200 every other week for trips performed in accessible taxicabs. Enrolled owners have thus far received an average of \$22,265 in payments to offset the added cost of owning and operating accessible taxicabs.